Wildlife Crime Division

Elephant
Action
League

July 2018



The Totoaba Supply Chain - From Mexico's Totoaba Cartels to China's Totoaba Maw Wholesalers - An Illegal Trade Killing the Vaquita

OPERATION FAKE GOLD

Executive Summary

The vaquita, the world's smallest and most endangered porpoise, is nearly extinct due to China's demand for the swim bladders, or 'maws,' from a giant Mexican fish called the totoaba. By-catch from the Illegal fishing of totoabas with the use of gillnets is killing vaquitas. In fact, the use of gillnets for illegal totoaba fishing is endangering the entire marine ecosystem in the Upper Gulf of California. The International Committee for the Recovery of the Vaquita (CIRVA) estimated that, as of November 2016, no more than 30 vaquitas remained. Analysis of 2017 acoustic monitoring data showed that the decline of the vaquita has continued unabated.[1]

1. "CIRVA 10 Final Report 2018."

In response to these dire circumstances, Elephant Action League (EAL) commenced an investigation and intelligence gathering operation, called Operation Fake Gold, to map the entire illicit totoaba maw supply chain in March 2017. The 14-month investigation took EAL's Wildlife Crime Division agents from the Baja California peninsula to Southern China's Guangdong Province.



Head of the vaquita underwater (credit: Terra Mater Factual Studios/Richard Ladkani)

In China, fish maw has become a favorite ingredient for cuisine served at special occasions, such as birthdays, weddings, and Chinese New Year; is presented as gifts for similar occasions; is purchased as an investment; and is processed into skincare products. The retail price of totoaba maw has been recently quoted up to USD 46 per gram in China. The price of gold is hovering around USD 40 (5 July 2018) per gram. This is why totoaba maw can be considered 'fake gold' and why the totoaba fish became swimming gold for Mexico's fishermen. A fisherman in San Felipe, Mexico, can earn more in one night catching a few totoabas than they may otherwise earn in a year.



Painting of vaquitas, San Felipe

Through Operation Fake Gold, EAL has identified what can only be described as "Totoaba Cartels" in Mexico. The totoaba cartels specialize in the poaching and trafficking of totoaba swim bladders – the bottom half of the supply chain. The chain starts in the villages of San Felipe and Santa Clara along the Gulf of California coast, but moves quickly to central smuggling operations in cities like Tijuana and Mexicali. EAL has found that these cartels are led primarily by three Mexican criminals who fund the Mexican poachers, and then sell the swim bladders to a group of well-connected Chinese traders and businessmen residing in Mexico. It is those Chinese traders that facilitate the smuggling of totoaba maws to China – the top of the supply chain.

Primary findings from Operation Fake Gold include the following:

- San Felipe, Mexicali, and Tijuana, Mexico, are the primary hotspots of the bottom half of the illicit totoaba maw supply chain.
- Totoaba trafficking is facilitated by both Mexican and Chinese networks based in Baja California – what EAL has coined 'Totoaba Cartels.'
- Totoaba trafficking has become as lucrative, easier, and less risky than drug trafficking – this is why the totoaba cartels formed.
- A so-called Elder Chinese "gang" out of Tijuana developed and ran the totoaba maw trade for a number of years, along with other legal and illegal seafood businesses.

- Smugglers transport totoaba maws to China primarily via air routes, always avoiding direct flights, and generally in checked luggage.
- The maws are smuggled through transit countries such as Hong Kong, South Korea, Japan, and Taiwan, many times along routes used for drug trafficking according to EAL sources.
- Demand for totoaba maws in China are relatively stable even though the product is illegal, with buyers primarily from Shantou and the greater Guangdong Province.
- Totoaba maw pricing varies significantly based on weight, appearance, and whether it is domestic or foreign (from Mexico), whether it is male or female, as well as between retail shops.
- Due to its extremely high price, consumers of totoaba maws are relatively rich Chinese, primarily middle age or older, purchasing the maws for collection and investment purposes.
- Three significant totoaba maw wholesalers were identified in China. Each supplies a significant quantity of maws to the retail market in Southern China.
- The real 'fake gold' is the totoaba female maw only. Raw female swim bladder, from 500 grams to 2 kilograms, is larger and thicker than the male's and is valued at each level of the supply chain as follows:
  - From fisherman to first buyer: USD 3,500 to 5,000/kg
  - From San Felipe buyer/transporter to Mexicali buyer: USD 5,000 to 8,000/kg
  - From Mexicali buyer to China buyer: unknown
  - Retail price in China: USD 20,000 to 80,000/kg
- EAL believes that dismantling all the various networks associated with the totoaba black market is the best chance to end totoaba trafficking. This effort should begin with the middlemen – those Chinese nationals in Mexico who supply the market in China. Ultimately, though, the root of the problem, the demand, must also be destroyed.

EAL has identified the complex factors surrounding the extinction of the vaquita and the destruction of an incredibly important ecosystem. It is not only about the fate of the vaquita, but of the entire eco-system of the upper Gulf of California. Efforts now must shift toward the protection of the Gulf of California in general. The Gulf contains incredible marine life that will also be destroyed by the continued use of gillnets and the continued exploitation of its wildlife.

OUR MISSION

Elephant Action League protects wildlife through effective intelligence collection and investigative actions.

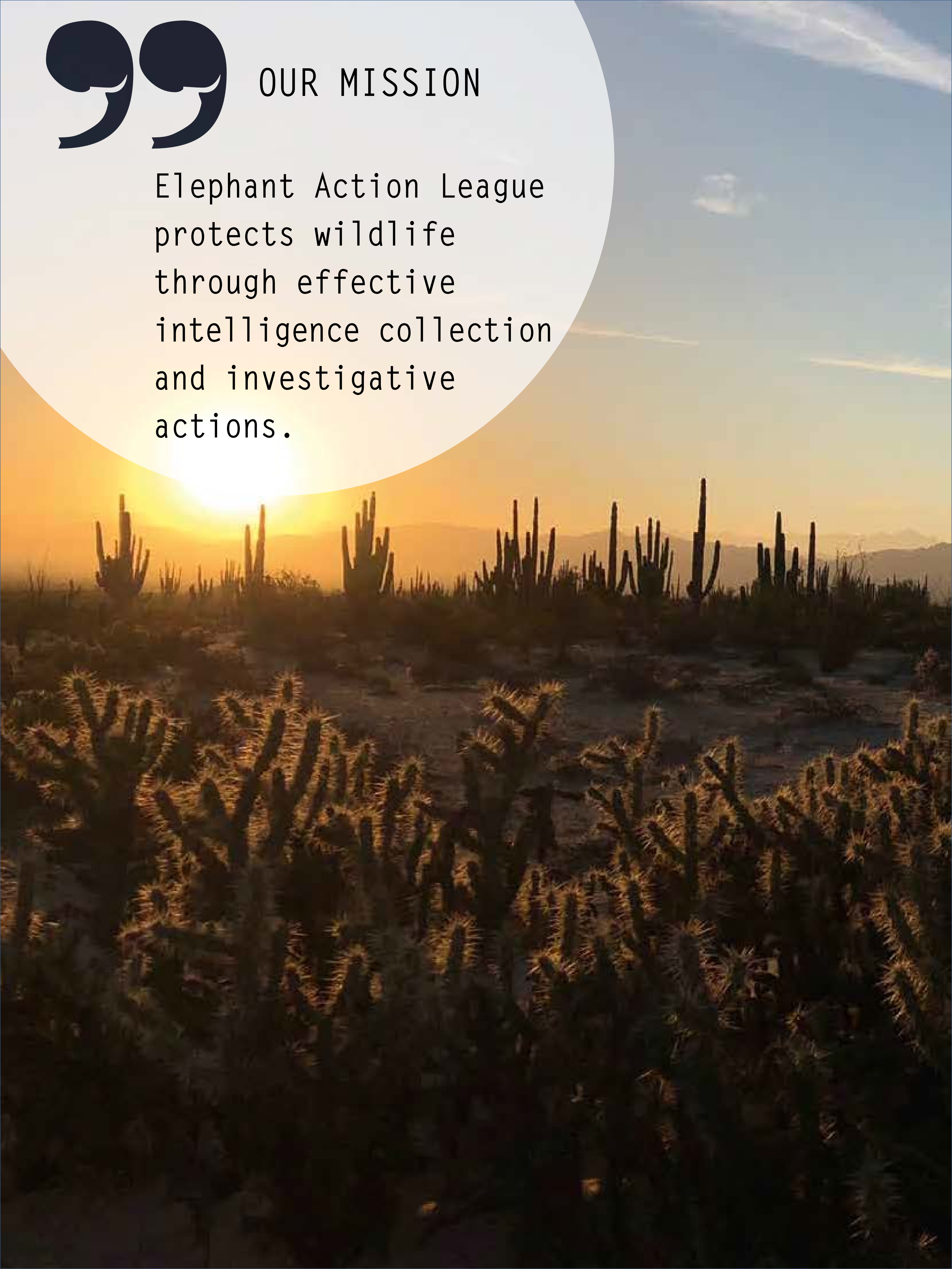




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Elephant Action League –

An Intelligence-led Approach to Conservation

Elephant Action League (EAL) works to merge the worlds of intelligence, investigation, and conservation in the service of wildlife, forests, and the people who protect them. **At its core, EAL uniquely applies professional intelligence expertise to disrupt the proliferation of environmental crime around the world**. Intelligence is the knowledge – ideally the foreknowledge – that EAL, its partners, and governmental authorities can employ to safeguard wildlife and people, and respond to very concrete threats to the environment.



The port in San Felipe

EAL contends that professionally run intelligence is the most important tool in the conservation arsenal against environmental crime, especially for combatting wildlife poaching and trafficking. Most importantly, intelligence is the strategic resource that focuses investigations, law enforcement activities, governmental policy changes, and conservation funding. In this vein, EAL created its Wildlife Crime Division (WDC). The WDC is comprised, among others, of former FBI and law enforcement officers, crime analysts, expert Asian undercover agents and EAL's Executive Director, Andrea Crosta. It is this team that undertook the massive job of mapping the complete illicit totoaba supply chain; the subject of this report.

EAL supplies its extensive skills and combined experience, both intelligence and law enforcement professionals, to a variety of crime-related environmental emergencies. This intelligence-led approach encompasses information-gathering, intelligence production (collection, corroboration, and analysis), and professional investigations targeting many operational scenarios (e.g., ivory trafficking, rhino horn trafficking, illegal logging, vaquita extinction from by-catch hazards, illegal trade of live wildlife, illegal trade of big cats' parts, etc.).

It is this expertise and flexibility that allows EAL to operate in situations and locations where other NGOs or governmental agencies are unable or unwilling to operate.



A shop in Hong Kong

EAL uses its intelligence-led approach to combat environmental crime as a supplement to more traditional 'reactive' conservation models. Through its extensive intelligence network, NGO partners, and trusted law enforcement contacts, EAL facilitates more proactive, impactful, and disruptive outcomes.

EAL's approach is designed to identify and tell a complete story of the criminal networks and supply chains facilitating wildlife poaching and trafficking. Through human intelligence gathering activities, that is collecting information from human sources through covert methods, and other expert methods, EAL is able to:

- Amass pertinent information and actionable intelligence;
- Build networks of sources and collaborators in the field;
- Research the '*modus operandi*' of organizations behind wildlife crime;
- Target individuals and organizations that are profiting from wildlife crime; and
- Share that intelligence with trusted law enforcement agencies through Confidential Intelligence Briefs (CIBs) when possible.

Positive outcomes associated with an intelligence-led approach to include:

- Increased intelligence activity that directly leads to the disruption of the wildlife trafficking networks and supply chains;
- Expanded cooperation among stakeholders, including NGOs, governments, and law enforcement authorities, locally, regionally, and internationally;
- Better quality evidence that facilitates the arrest and prosecution of higher level traffickers, network middlemen, and corrupt officials – the players that truly control the wildlife supply chains; and
- Facts-based reports that can be used as a leverage by policy makers and media to hold governments accountable and demand action.

Introduction

In March 2017, Elephant Action League (EAL) started Operation Fake Gold, an intelligence-gathering and investigative operation into the illegal totoaba swim bladder trade. Operation Fake Gold sent EAL's investigators into Baja California, Mexico, along the shores of the Gulf of California, inland to Mexicali and Tijuana, and across the Pacific to Hong Kong and Southern China's Guangdong Province.

The following report attempts to map out what is a highly complicated illegal supply chain for totoaba swim bladder (called 'maw'), while also providing the context around which an equally complicated effort to save the vaquita porpoise, a species on the brink of extinction as by-catch of illegal totoaba fishing, is taking place in Mexico.

EAL approached Operation Fake Gold as it does many of its intelligence-gathering operations and investigations – through a **top-down, bottom-up approach to mapping illegal wildlife supply chains**. The data and intelligence gathered in China identifies the players from the top portion of the supply chain. The investigative team's work in Mexico identifies the significant players from the bottom up. They ultimately meet in the middle among Chinese traders based in Mexico. Finding the middle point and middlemen was a key objective for EAL's investigators, finding those important players able to move illegal wildlife products across oceans and through almost any type of barrier.

Totoaba swim bladder on sale in China



The title of this report denotes the value of totoaba maw – it is truly "fake gold."

The most recent black market price for totoaba maw (or buche as it is called in Mexico) is CNY 300 per gram or USD 46 per gram. In comparison, as of July 2018, the black market price gold is approximately USD 40 per gram. Although this is interesting, the real significance lies in the use of totoaba maw as a financial investment, and in many instances, a means to hide black money. Others have referred to totoaba maw as

aquatic cocaine, but its value and ability to function as an investment mechanism likens it more to gold – a value that holds over time.

EAL does not only employ professional investigative work, its highly skilled team gathers and analyses intelligence, specifically human intelligence – intelligence gathered by means of interpersonal contact and source development. As part of this operation, EAL has accessed contacts within the Mexican Navy, the US government, and various sources and collaborators on the ground in both Mexico and China. These contacts and others lead the team to other potential sources and persons of interest. The result is actionable intelligence – information upon which trusted law enforcement authorities can act.

THE PROBLEM

China's demand for the swim bladders, or fish maws, from the totoaba fish is not only endangering the totoaba population, but also the world's smallest and most endangered porpoise, the vaquita, and the whole marine ecosystem in the Upper Gulf of California. Swim bladders are simply an additional organ in certain fish that controls buoyancy. Traditional Chinese medicine purports swim bladder from the fish family *Sciaenidate* (including totoaba) to be a curative for variety of ailments. Scientific research has yet to identify any real health benefits from consuming swim bladder.

Both totoabas and vaquitas are found only in the northern Gulf of California, Mexico. Fisherman continue to set illegal gillnets to catch valuable totoabas, unintentionally entrapping vaquitas, causing them to suffocate and drown. **The International Committee for the Recovery of the Vaquita (CIRVA) estimated that, as of November 2016, no more than 30 vaquitas remained. Analysis of 2017 acoustic monitoring data showed that the decline of the vaquita has continued unabated.**[2]

2. "CIRVA 10 Final Report 2018."

3. "CIRVA 9 Final Report 2017."

An already desperate situation for the vaquita has deteriorated further, despite extensive conservation and enforcement efforts of the Mexican government, marine science organizations, and international NGOs. Unless this decline can be stopped by eliminating mortality in illegal gillnets, the vaquita will most likely be extinct very soon.

> "Despite tens of millions of dollars invested by the Mexican government in preventing vaquita by-catch, the population continues to decline. At the current rate of loss, the vaquita will likely decline to extinction in the next few years unless complete elimination of gillnet fishing is achieved and effectively enforced."[3]

Report from the 9th Meeting of CIRVA, May 2017

Ecological Backdrop

Gulf of California (Sea of Cortez)

The Gulf of California is located between the Mexican mainland and the Baja California peninsula. The Colorado River empties into the gulf from the north through a large delta and the Fuerte, Mayo, Sinaloa, Sonora, and Yaqui rivers across a wide coastal plain from the east. With areas designated as UNESCO World Heritage Sites, the gulf contains an extraordinarily diverse ecosystem, including many species of reef fish, sharks, whales, marine turtles, as well as endemic species like the vaquita porpoise and the totoaba fish.

The main communities around the Gulf of California, including San Felipe in Baja California, and Puerto Peñasco and the Golfo de Santa Clara in Sonora, were built on and rely heavily on the gulf's fisheries.

Artisinal, industrial, and sport fisheries play an important role in these local economies, but put ever more pressure on the gulf's resources. Current fishing levels have exceeded maximum sustainable levels in most commercial fisheries.[4]

Hook-and-line type gears were used for many years by fisherman in the Gulf of California. This method supported a healthy fishery, but as some stocks declined in abundance, fisherman moved on to more destructive gear and newly targeted species. This included gillnets, trawls, and longlines which resulted in "a fairly rapid reduction in total standing stocks, changes in species dominance, and the loss of older age classes of larger fish."[5]



The environmental loss caused by human activities in the Gulf of California has created havoc on its biological diversity. Many gulf species, including tuna, sea bass, grouper, yellowtail, shark, marlin, scallops, lobster, snapper, shrimp, halibut, and sardines, have suffered significant declines. Sea birds are also suffering because of drastically reduced food supplies. Overfishing, the loss of ecologically important species via by-catch mortality, and the widespread destruction of bottom habitats by shrimp trawlers, have all contributed to the degradation of the gulf.

4. "Gulf of California | North American Marine Protected Areas Network."

5. "Gulf of California | North American Marine Protected Areas Network."

The Vaquita

Vaquitas (meaning little cows in Spanish) are a critically endangered porpoise found only in a small area of the upper Gulf of California, Mexico. Vaquitas (*Phocena sinus*) are unique in that they are the smallest porpoise and have the smallest range of any marine mammal.

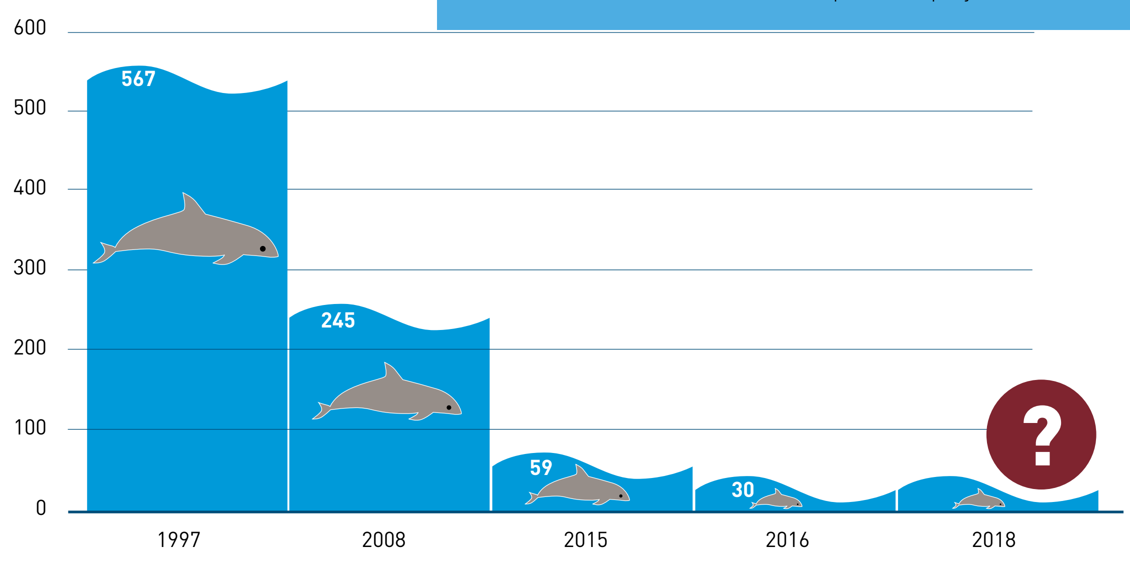
Up to 5 feet in length, the vaquita is a cetacean with a rounded head that features a pattern of large black patches around the eyes and lips. They generally live in small groups of one to three individuals, often just a mother and calf pair. Vaquita behavior is typically inconspicuous as they avoid splashing, jumping, or leaping at the water surface. This shy behavior and avoidance of boats makes it difficult to observe and monitor the vaquita population.

The Status of the Vaquita

The estimated size of vaquita population as of November 2016, was approximately of 30 animals remaining. A 95% credible interval shows that the number was between 8 and 96. Difficulties in getting data in very shallow waters makes getting a more precise number impossible. Analysis of the 2017 (Thomas et al., 2017) Acoustic Monitoring Program data showed that the decline has continued unabated. The acoustic monitoring program will continue, and a new population size estimate is expected by the end of this year or early next. During capture efforts in October 2017 several vaquitas were seen with healed net scars suggesting that not all entanglements are fatal and that remaining vaquitas may have better than average abilities to survive net encounters. Vaquitas have been detected in June 2018.

Dr. Lorenzo Rojas-Bracho, June 2018
Chair of the International Committee
for the Recovery of the Vaquita
and lead scientist for the VaquitaCPR project.

Vaquita population decline - CIRVA-8 Report
"Eighth Meeting of the Comité Internacional Para La Recuperación de La Vaquita (CIRVA-8); Southwest Fisheries Science Center" (La Jolla, CA: CIRVA, November 2016), http://www.iucn-csg.org/wp-content/uploads/2010/03/CIRVA-8-Report-Final.pdf.








Attempted Vaquita Rescue

In November 2017, a plan known as VaquitaCPR began in an attempt to save the endangered vaquita porpoise from extinction. The project, which had been recommended by the International Committee for the Recovery of the Vaquita (CIRVA), involved locating, rescuing, and then temporarily relocating the vaquitas to an ocean sanctuary off the coast of San Felipe. The explicit goal of VaquitaCPR was to breed vaquitas in captivity and then return them to their natural habitat once the primary threat to their survival, illegal gillnet fishing, had been eliminated.

Unfortunately, the USD 4 million rescue effort by a team of more than 60 scientists and divers ran into trouble after a few days, when the first vaquita caught, a juvenile, was quickly released after veterinarians observed signs of stress. The second, a breeding age female, died a few hours after being placed in a protective floating pen. Ultimately, the CPR team decided that further attempts to catch more vaquitas would present too much risk to the species.



credit:
Terra Mater
Factual Studios/
Richard Ladkani



The highest risk to the vaquita is mortality resulting from fisheries by-catch (incidental entrapment in nets), the deaths from which far exceed possible replacement by births. The vaquita's habitat is surrounded by small fishing villages where fishermen operate using small skiffs (pangas) and gillnets with buoys to catch fish and shrimp. The abundance of nets set underwater and the murkiness of the water make it easy for vaquitas to inadvertently swim into the nets, get caught, and suffocate when they cannot reach the surface to breathe.

The vaquita was been listed as a CITES Appendix I species in 1976, added to the US Endangered Species list in 1979, and listed as critically endangered in 1996 by the IUCN. Scientists have been sounding an alarm for over 20 years that the only way to save the vaquita from extinction is to completely eliminate the use of gillnets in the only region that vaquitas reside.[6] Unfortunately, the illegal totoaba fishery has seen a resurgence since about 2011, fueling a decline toward extinction for the vaquita.



Sculpture of a Vaquita, San Felipe

Although we know that the vaquita population has been decreasing since the first full population estimate in 1997, it is likely that vaquita numbers have been decreasing since gillnets started being used in the 1940s. Between 1997 and 2008, vaquitas decreased at about 8 percent per year, a figure consistent with the estimated decline that would result from the amount of gillnetting for shrimp and finfish. Acoustic monitoring between 2011 and 2016 recorded an increased rate of decline to about 40 percent per year.[7]

6. "The Vaquita Porpoise | About Campaign."

7. "The Vaquita Porpoise | About Campaign."

The Totoaba

The totoaba (*Totoaba macdonaldi*) is a large marine fish endemic to the upper Gulf of California, Mexico. Its distinction is that it is the only species in its genus and the largest fish in the family of *Sciaenidae*, a fish family known for making croaking sounds due to possessing swim bladders, an organ that allows the fish to control buoyancy. Unfortunately, it is their swim bladder, prized by affluent Chinese, that is hastening the demise of the species along with the vaquita.

Totoabas can grow to over 6.5 feet (2 meters), weighing over 220 pounds (100 kg), through a lifespan of approximately 25 years. They primarily inhabit the upper half of the Gulf and the first 75 feet (23 meters) of the water column, except when spawning in the Colorado River delta. The species was significantly depleted during the mid-twentieth century due to overfishing and habitat degradation. A total ban on totoaba



Illegaly fished totoaba retrieved by Sea Shepherd

fishing was declared by the Mexican Government in 1975 and the species was placed on the Mexican Endangered Species List, as well as subsequently listed on CITES Appendix I, the US Endangered Species list, and the IUCN Red List. The current population status of the totoaba is somewhat unknown, however, according to a study released in 2015, "totoaba maintain their life history and show signs of recovery."[8] This statement is qualified by the fact that increased illegal poaching of totoaba in recent years is preventing a long-term positive recovery of the population.[9]

Since the early 20th century, Totoaba has been an active fishery with consumers in Mexico, the US, and China demanding both meat and swim bladders. Mexican fisherman were catching over 2,000 tons of totoaba annually by 1942, but this level of fishing was unsustainable and, by 1975, the annual catch had dropped by 97% to 59 tons.[10] This drastic decline resulted in the Mexican government fully banning commercial fishing for totoaba.

8. Valenzuela-Quinonez et al., "Critically Endangered Totoaba - Totoaba Macdonaldi: Signs of Recovery and Potential Threats after a Population Collapse," 9.

9. Valenzuela-Quinonez et al., "Critically Endangered Totoaba - Totoaba Macdonaldi: Signs of Recovery and Potential Threats after a Population Collapse."

10. "C4ADS - Hooked."



Dried totoaba swim bladder on sale in China

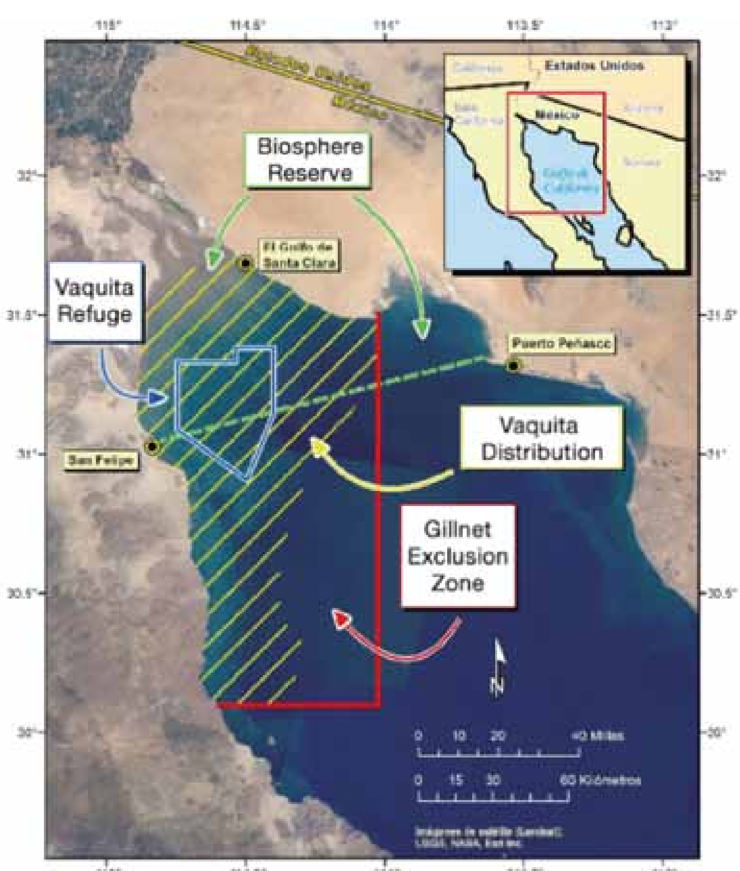
Legal protection of the totoaba continued with listings on CITES Appendix I in 1975, under the U.S. Endangered Species Act in 1979, under Mexico's Law for Endangered Species Protection in 1994, and a listing as critically endangered by the International Union for Conservation of Nature (IUCN) in 1996. These efforts did save the totoaba from extinction, at least temporarily, despite limited enforcement of these protections.

As identified by C4ADS in its 2017 report, *Hooked*, "More recent demand for totoaba bladders can be partially attributed to the decimation of the totoaba's only perceived equal, the Chinese bahaba, through rampant over-fishing; the recent growth of the Chinese middle class; and the 2008 global financial crisis, which allegedly drove consumers in China to purchase totoaba bladders and other high-value assets as perceived safe investments."[11]

Even with protections in place, the totoaba population continues to be threatened by poaching and by-catch. The limited recovery of the species has merely motivated illegal fisherman and Mexican criminal cartels to target the totoaba for export of its swim bladders to China. Swim bladders, or maws, are largely bought by wealthy Chinese as collectables, gifts, or as a financial investment. In 2015, the Mexican environmental agency, PROFEPA, revealed that one kilogram of totoaba maw was selling for the same price as 1.5 kilograms of cocaine.[12] As previously identified, the holding value of totoaba swim bladders for investment purposes more closely likens it to gold.

11. "C4ADS - Hooked."

12. "One of the Most Sought-after Aphrodisiacs in the World Is Pushing a Species Fish to Extinction."



Vaquita distribution area and gillnet exclusion zone - NOAA Fisheries

Chinese Community in Mexico

Chinese immigration to Mexico began in the 1600's when Chinese entered the country as servants of Spanish merchants. However, it is possible to trace two major waves of Chinese immigration in Mexico: the first from the 1880's to the 1940's and the second beginning in the early 21st century. The first immigration wave was fostered by the United States' Chinese Exclusion Act of 1882, which restricted Chinese immigration to the United States. Around 60,000 Chinese entered Mexico towards the beginning of the 20th century, many with the intention of entering illegally in the United States. Moreover, in 1889, the Mexican government signed an agreement with China to allow Chinese citizens to work in agriculture in the Mexican northern border areas. The Chinese became the second largest immigrant group in Mexico – following the Spanish – settling in every Mexican state excluding Tlaxcala.

The Chinese immigrants soon achieved economic success transitioning from agricultural labor to trade in grocery and dry goods. As the Chinese's wealth grew an anti-Chinese sentiment started to spread throughout the country, which was also nurtured by a nationalist fervor that rose from the Mexican Revolution in 1910. Mexicans were alarmed by Chinese organized crime that was involved in human trafficking, prostitution, and gambling. The Chinese were blamed for the societal problems like public health issues and drug use. This sentiment escalated, many Chinese were robbed and about 300 lost their lives.

In Sonora, the hatred towards the Chinese was particularly harsh, hence many Chinese left for more hospitable places such as Baja California, specifically Mexicali. According to the president of the Chinese Association of Mexicali, Estban Leon Hom, in 1920 Mexicali counted 14 times more Chinese than Mexican inhabitants.

Since 2000, the number of permits to enter Mexico given to the Chinese has increased by a factor of 15. In the 2000, census data put the number of Chinese nationals living on the country at 1,754, and by 2010 the number had grown to 6,655. The total number of non-Mexicans living in Mexico, according to the latest estimates of the Mexican National Institute for Statistics and Geography (INEGI), is 968,000. Of these, 10,000 come from China or, if we take into account also those who enter and leave the country frequently, the figure can reach 11,000, according to the National Institute of Migration (INM).

In the year 2000, 508 residence permits were granted to Chinese citizens, while in 2015 the total number of permits issued was 8,000. Between 2010 and 2015, 50,000 Chinese received a Mexican residence permit. It is important to point out that these statistics fail to account for the many illegal Chinese immigrants and should be deemed conservative. Nevertheless, they illustrate the constant growth of the Chinese presence in Mexico.

Mexicali and Tijuana, two boarder cities, are characterized by numerous of Chinese nationals. Mexicali, the capital of Baja California historically hosted the largest Chinatowns in Mexico but was recently surpassed by Tijuana. Estimates from 2012 count 5,000 Chinese who live in Mexicali and 15,000 in Tijuana.

Locally known as La Chinesca, Mexicali's China town originated around 1902 with the arrival of Chinese who worked in the cotton industry. Since then, the Chinese population steadily grew. By 1919, between 5,000 and 11,000 Chinese were estimated to reside in and around Mexicali. The Chinese strongly influenced the development of the town. They have maintained a strong attachment to their culture and traditions thanks to the numerous Chinese associations and organizations. La Chinesca has more Chinese restaurants per capita than any other city in Mexico.

When the Chinese moved to Mexicali to work as construction workers or in agriculture in the 1900's, they lived in basements to escape the heat of the summer days. Later the basements were connected through tunnels. Thanks to the proximity with the US boarders, during prohibition in the US, the system of underground tunnels was used as focal points for Chinese opium dens and brothels. The tunnels were also used to smuggle alcoholic beverages through the US border. In the mid 1900's, with the rise of anti-immigrant sentiment, hundreds of Chinese fled to Mexicali, which was owned by the Colorado River Company, and where Chinese were not persecuted.

La Mesa Barrio Chino in Tijuana currently is home to the largest group of Chinese nationals. In 2008, Aeromexico offered direct flights from Tijuana to Shanghai making Tijuana the first Mexican city to be directly connected to China. The result was that the Chinese population in Tijuana increased by a factor of three in just three years (from 2009 to 2012).

Sources:

Chinese in Mexico, 1882-1940 (The University of Arizona Press, n.d.).

Inside the Basement Tunnels Where Mexicali's Chinese Immigrants Once Lived - VICE, accessed June 22, 2018, https://www.vice.com/en_us/article/zngjyj/inside-the-basement-tunnels-where-mexicalis-chinese-immigrants-once-lived.

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Tijuana, Mexico

Today, Tijuana and Mexicali are associated with Chinese mafias. Their principal businesses are human trafficking, trafficking of endangered wildlife, smuggling of chemicals used to produce methamphetamines, opium, and contraband goods. The underground tunnels in La Chinesca allow people and goods to move around unseen, in fact Mexicali has become a center for Chinese mafia in Mexico.

The Baja state Security Secretary, Daniel de la Rosa Anaya, confirmed that Chinese criminal networks are involved in numerous smuggling activities, with wildlife trafficking being just one. The growth of the Chinese economy, according to the Security Secretary, has lead to an increased demand for 'exotic' cuisine generating a high demand in endangered animal species.

Puzzle pieces

THE END USERS

Fish maw, or dried swim bladder, became treasured as a nutritional and medicinal product by the Chinese millennia ago. It is one of four traditional Chinese delicacies from the sea, including abalone, sea cucumber, and shark fin. In modern times, fish maw has become a favorite ingredient for cuisine served at special occasions, such as birthdays, weddings, and Chinese New Year; is presented as gifts for similar occasions; is purchased as an investment; and is processed into skincare products.



The port of Hong Kong

According to traditional Chinese medicine, fish maw contains rich proteins and nutrients important for general health, nourishes 'yin,' replenishes kidneys, and boosts stamina.[13] It is considered suitable for consumption by any age group and either gender as a therapeutic food. Many Chinese believe that drinking fish maw soup and eating fish maw will improve their skin and, for pregnant women, the skin of their babies.

Fish maw can be prepared from a variety of fish, but the value of a particular maw is determined by its species, size, thickness, and color, among other characteristics. In general, the larger and thicker maws are most valuable, and, for the totoaba, the female maws are thicker and more valuable. Among fish maw options, the most rare and expensive maw is called "the gold coin fish maw" (jin qian jiao), which is from the bahaba, giant yellow croaker (*Bahaba taipingensis*), an endemic fish found on the coast of China from the Yangtze River estuary southwards to the Pearl River estuary, including the waters off Hong Kong and Macau.

The bahaba fishery collapsed due to overfishing in the early to mid twentieth century and the bahaba is now most likely extinct. As a result, original gold coin fish maw made from bahaba is no longer available. Totoaba is considered the best replacement for original gold coin fish maw because of its similarity to the bahaba fish. Now, in the fish maw market, endemic bahaba maws are called 'domestic,' or 'small tube' maws and the totoaba maw is called 'foreign,' or 'big tube' maw.

Demand for totoaba maws increased dramatically in China as its economy grew, peaking in 2011 to 2012, but ever present. This demand is driven somewhat by the use of maws as business gifts, but more so by its traditional medicinal uses for personal health and, in some locations, its use for wedding dowries. Rich consumers buy 'gold coin' fish maws for collection and investment purposes and self-use.

13. About Fish Maw - Product Knowledge - News | Emperor Brand Bird's Nest - Quality Indonesia Wholesale Birdnest."

The Importance of Fish Maw in China

The consumption of fish maw in China is not a recent phenomenon, its roots may be traced back to 500 A.D. Chinese considered fish maw to be good for heath and called is"Gingseng of the Water." A word used to indicate fish maw in Chinese, *hua jiao*, 花膠, literally translates to collagen. Reference to healing properties of fish maw can be found in the Qi Min Yao Shu, an ancient Chinese agricultural text which was written towards the end of the Wei dynasty (386 – 534 A.D.). The book is of great importance in China and governments have strongly valued it through the years.



Fish maw on sale in Hong Kong

Social status, traditions, and perceived health benefits play a strong role in characterizing the Chinese diet. Like other luxury seafood, such as shark fins and sea cucumbers, swim bladders are often served at banquets during special occasions such as birthdays, weddings, and business or government events. Indeed, in Chinese culture it is believed that offering prosperous banquets helps foster strong relationships between friends and colleagues, which then leads to success in business and enhances social relations. These types of banquets have become even more popular in the recent past due to the economic prosperity in the country.

Today, fish maw is regarded as one of the primary supplements for a heathy diet. Fish maw is used in many ways in the Chinese cuisine: in stews, soups, in dim sum, stir-fried, and in many other ways. The texture is particularly appreciated, but most of all it is consumed by the health-conscious population because of its perceived properties. Among its supposed health benefits, fish maw increases kidney and stomach function, it helps blood circulation and cell generation, and improves the immune system. It is widely used by women as it contains collagen which enriches skin and improves elasticity. Moreover, fish maw is rich in proteins and nutrients, such as phosphor and calcium. In Chinese traditional medicine, fish maw is often recommended to patients to complement their medical treatment.

Source: "China's Luxury Seafood Demand and Mexico's Fisheries" (Caplog Group, EDF Mexico, 2014).

The highest demand for fish bladder worldwide occurs in mainland China and Hong Kong. The demand is rapidly increasing as the Chinese population is growing, with the rising GDP, and with the growth of seafood consumption per person. It is estimated that by 2030 China will account for around 40% of the global seafood consumption.

According to Hong Kong authorities, 3,272 tons of fish maw was imported to Hong Kong in 2017, with a total value of about HK 2 billion (USD 254.87 million).

THE FACILITATORS

The value of totoaba swim bladders is so significant that Mexican organized criminal networks entered the totoaba trafficking scene in about 2013. These criminal networks were attracted by the prospect of a fish bladder worth as much as its weight in gold – high profit, low risk. The arrival of criminal elements "signaled ... a period of volatility and insecurity in the region, as criminal bosses jockeyed to control the totoaba trade in seaside towns and cities, and criminal fishermen began to use their law-abiding counterparts as a smokescreen for illegal activity."[14]

Organized criminal networks were able to take control of the totoaba trade with relative ease. The international community had been approaching protection of the vaquita as it does any conservation problem – create a sanctuary and campaign for protection – but the high value of totoaba swim bladders produced a complex organized crime and security problem instead. As a result, the Mexican authorities trying to combat totoaba poaching and vaquita by-catch were left with little outside help, all while a few criminal elements methodically corrupted or threatened local officials and citizens to facilitate their trafficking network. EAL's investigative team personally witnessed the fear these criminal groups created in local populations, particularly in the fishing communities.

According to an anonymous Mexican army source, reported in 2016, established drug traffickers entered the totoaba maw trade forcefully and applied their "organizational structures and their corrupting influence" to the trade.[15] Organized cartels repurposed established "networks, routes, contacts, points of sale, and padrinos" (sponsors) working in official institutions to facilitate the trafficking of totoaba swim bladders to China.[16]

Identifying the primary players within the criminal networks involved in the totoaba trade, and how they operate, is the ultimate objective of EAL's on-going investigation in Mexico. The outcomes of this investigation to-date are laid out in detail later in this report.

14. "C4ADS - Hooked."

15. "One of the Most Sought-after Aphrodisiacs in the World Is Pushing a Species Fish to Extinction."

16. "One of the Most Sought-after Aphrodisiacs in the World Is Pushing a Species Fish to Extinction."

17. "PACE-Vaquita."

THE FISHERMEN

The Upper Gulf of California-Colorado River Delta ecosystem has been an extremely productive region for fishing and is the primary economic activity for the local population. Shrimp, totoaba, gulf corvina, mullet, bigeye croaker (chano norteño or berrugata), sierra, manta ray, guitar fish, shark, crab, and clam make up the majority of the catch for both industrial and inshore fishermen.[17]

Sharks at a fish market in San Felipe



Between 1989 and 1992, there was a 71% drop in shrimp catch, from 7,000 metric tons to 2,000 metric tons. As a result, fishermen began switching from working on trawlers, boats designed to drag fishing nets, to the much smaller pangas. In the early 2000s, it was found that this artisan fishing sector caught about 70 different species using pangas and a wide variety of gear, including gillnets.

18. "PACE-Vaquita."

Unfortunately, not only did the use of pangas facilitate the escalation of illegal fishing, it also resulted in an increase in by-catch of at-risk species, most notably the vaquita.[18]

The Mexican government has invested a substantial amount of time and resources into the Gulf of California in an attempt to conserve the productivity of the gulf, reduce illegal fishing, and save the vaquita. The resulting programs, including the establishment of the Vaquita Refuge and an eventual gillnet ban, significantly limited the ability of local fishermen to make a living.

In response, an economic compensation program was initiated by Mexico's ministry of development (SEDESOL) when gillnets were banned in vaquita habitat in April 2015. In the following year, the National Commission of Natural Protected Areas (CONANP) took over administration of the compensation program. The program was meant to compensate registered fisherman, but various problems with the distribution of funds has made this program ineffective, both at reducing gillnet fishing and at incenting fishermen to find other employment.



Fishing trawler in San Felipe

Most fisherman in the northern Gulf actually worked for fishing companies that owned the fishing permits; permits for corvina, sierra, shrimp, and sharks for example. So when the government instituted the compensation program, the funds were generally distributed to the company owners. The owners were then expected to further distribute the money to their fishermen and workers in the fish processing centers, mostly women.

The program was set up to compensate the "Cadena productive," people that depend on the fisheries indirectly, individual fishermen, and the "Permisionario," fishing permit holders. The permisionarios were supposed to distribute a portion of the compensation they received among the fishermen working under their permits. One problem with the plan is that permisionarios often declared family members, friends, and dead people, under their permits even if these individuals never fished. This was a way for them to keep as much of the money as possible. The program lacked transparency and was not overseen well by the ministry. This left plenty of opportunity for permit holders to selectively distribute the funds.

The Center for Biological Diversity, through a freedom of information request, found that just 13 individuals ended up receiving approximately 20 percent of the funds distributed. It is many of these same permisionarios that have also been implicated in totoaba poaching discussed later in this report.

As for the real fishermen who were not receiving adequate compensation, they ended up in need of a way to survive. Unfortunately, totoaba poaching ended up being the means for many. Ultimately, the compensation program caused more harm than good. In light of this situation, it is not surprising that illegal fishing in general, and illegal totoaba fishing specifically, has continued unabated.

THOSE TRYING TO HELP THE VAQUITA

CIRVA & Other Scientific Organizations

CIRVA stands for Comité Internacional para la Recuperación de la Vaquita (International Committee for the Recovery of the Vaquita). CIRVA is an international team of scientists brought together in 1996 by the government of Mexico to develop a recovery plan for the vaquita using the best scientific evidence available. CIRVA was expected to resolve the dispute over the factors causing the vaquita's decline, specifically the relative role of the fishing industry verses the depleted flow of the Colorado River.



Vaquita killed by gillnets

CIRVA determined almost from the start that incidental mortality in gillnets constituted the greatest immediate threat to the survival of the vaquita.[19] This continues to be the case. In fact, eight necropsies of dead vaquita found between 2016 and 2017 identified asphyxiation and entanglement as the cause of death.[20] Each vaquita was found to be healthy and well fed prior to being caught in a net, therefore, habitat changes such as the loss of flow of the Colorado River did not affect the health of the vaquitas.

At the first CIRVA meeting in 1997, the scientific team identified gillnet by-catch as the greatest threat to the survival of the vaquita. In fact, CIRVA has been making the same observations and recommendations for 20 years, including:

- The recommendation that gillnets and large industrial shrimp trawlers be banned in stages, leading to a total ban by 2002, at the second meeting in 1999.
- The decline of the vaquita population continues unabated, leading to a grave concern that the species will be in danger of extinction, and by-catch rates has actually increased by the third meeting in 2004.
- The recommendation again that all gillnets and other entangling nets need to be removed from the entire range of the vaquita, as well as an expedited conversion fishing vessels to vaquita-safe operation, at the fourth meeting in 2012.
- The vaquita population is likely down to less than 100 individuals and CIRVA strongly recommends that the Government of Mexico enact emergency regulations establishing a gillnet exclusion zone at the fifth meeting in 2014.
- The rate of decline of the vaquita is estimated at 31% annually at the sixth meeting in 2015, likely a result of increased illegal fishing for totoaba in the vaquita range.
- The species is racing toward extinction according to the CIRVA team at the seventh meeting in 2016, and all gillnets must be removed permanently from the range of the vaquita immediately.
- The CIRVA report of the eighth meeting released in February 2017 indicates that only 30 individual vaquita porpoises remain, and identifies illegal fishing activities, particularly the setting of large-mesh gillnets for totoaba, continues at alarming levels.

19. "Vaquita | IUCN."

20. "CIRVA 9 Final Report 2017."

- The vaquita population continues to decline as of the ninth CIRVA meeting in April 2017, therefore, "given the ongoing dangerous conditions in vaquita habitat, the objective of VaquitaCPR [a conservation program plan] should be to remove as many vaquitas from the wild as possible, as soon as feasible, beginning in October 2017."[21]

- With VaquitaCPR no longer an option, CIRVA indicates that only significant, effective enforcement and continued net removal will save the vaquita at the tenth meeting in December 2017.

NOAA

The National Oceanic and Atmospheric Administration has been involved in the conservation of the vaquita since the beginning of CIRVA. NOAA scientists function as part of CIRVA and have managed vaquita population abundance estimates over the last 20 years.

In collaboration with SEMARNAT, the Southwest Fisheries Science Center of NOAA has used visual and acoustic methods to obtain precise abundance estimates of the vaquita population. NOAA Fisheries and its partners have also examined the other most cited potential threats to vaquitas. Those in the Mexican fishing industry often cite the lack of Colorado River flow as a threat to the vaquitas' food supply and possibly the cause of their decline. Again, no dead vaquitas found and examined have shown any signs of malnutrition.

NOAA Fisheries evaluated vaquita habitat for pollutants and found that the habitat had very low levels of pollutants – not a cause of population decline. Another potential threat, low genetic diversity, was also found by NOAA Fisheries to not to be a factor affecting the population. Although vaquita show low genetic diversity, the cause of the low diversity is consistent with that of naturally rare species. This is evident because most of the vaquitas recovered from gillnets have been young with no apparent health issues that would suggest inbreeding depression.[22]

IUCN/UNESCO

International Union for Conservation of Nature's (IUCN) World Heritage Programme "implements initiatives to enhance the role of the World Heritage Convention in protecting the planet's biodiversity," promoting "effective use of its mechanisms to strengthen the conservation and management of natural World Heritage sites."[23] IUCN works closely with UNESCO, functioning as a technical Advisory Body on nature to the World Heritage Committee.

As previously identified, parts of the Gulf of California have been designated at UNESCO World Heritage sites. As a result of the continued and dramatic decline of the vaquita, IUCN and UNESCO representatives arrived in 2017 to assess the situation in the Gulf. Following this field mission, IUCN recommended listing Mexico's World Heritage-listed Islands and Protected Areas of the Gulf of California as 'in danger,' and recommending urgent measures, including a permanent ban on gillnets and international cooperation to disrupt the illegal wildlife trade.[24]

The Mexican government negotiated with UNESCO for one more year to solve the vaquita issue before designating the sites as 'in danger.' As of the writing of this report, nothing has improved, therefore IUCN and UNESCO are continuing to monitor the situation.

21. "Vaquita | IUCN." "CIRVA 9 Final Report 2017."

22. Fisheries, "Vaquita | NOAA Fisheries."

23. "IUCN and World Heritage."

24. "Mexican World Heritage Site Is in Danger as Vaquita Faces Extinction, According to IUCN."

Conservation NGOs

Conservation of the vaquita has been a high priority for many national and international Non-Governmental Organizations (NGOs) for many years. NGOs on the front lines of the fight the save the vaquita include:

- Elephant Action League (EAL): EAL's Wildlife Crime Division has been investigating and gathering intelligence on the totoaba swim bladder supply chain since early 2017.

- Sea Shepherd Conservation Society (SSCS): Sea Shepherd's Operation Milagro has been working to extract illegal fishing gear from the Upper Gulf of California since 2015. They now have three ships in the golf retrieving nets and functioning as the Extraction Component leaders.

- The Whale and Marine Science Museum: Has employed their ship, the Narval, to extract ghost nets since 2016.

- Museo De La Ballena (Museum of the Whale): As part of Vaquita CPR, Museo de la Ballena has ships in the Upper Gulf of California working to locate and extract illegal gillnets.

- Parley for the Oceans: Through their Intercepting Ghost Nets project, Parley for the Ocean provides funding for the costs of cranes, forklifts, and backhoe services, as well as organizing and managing recycling of the illegal nets retrieved in the Upper Gulf of California.

- Alternative Fishing of Baja California (Pesca ABC): Pesca ABC is an NGO made up of San Felipe fishermen dedicated to locating ghost nets by grappling from their 12-20 small vessels.

- World Animal Protection: Has worked to determine the efficacy of the search and recovery efforts of fishing nets in the Upper Gulf, as well as assisting in the discovery of nets not located via standard grappling methods.

The Center for Biological Diversity (CBD) and the Natural Resources Defense Council (NRDC), two top international NGOs, have been involved in the fight to save the vaquita for a number of years. Each has used various means to facilitate action, including campaigns to boycott Mexican seafood, legal action, and petitioning of the Mexican and US governments. The Environmental Investigation Agency and Greenpeace conducted investigations on totoaba trafficking, and the World Wildlife Fund, is an ongoing donor to the Ghost Net Project.

The International Center of the Study of Desert and Oceans (CEDO) and the Environmental Defense Fund (EDF) have both been working with INAPESCA, Mexico's fisheries research arm, and the fishing communities of the Upper Gulf to implement sustainable fishing methods. This work focuses on developing solutions that ensure more responsible fishing in the Gulf, along with fisheries management measures and implementation planning.

MUSEO DE LA BALLENA

The 'Museo de la Ballena y Ciencias del Mar' (Museum of the Whale and Sciences of the Sea), is an NGO founded in 1995 in La Paz, Baja California Sur, Mexico. The NGO focuses its work on four lines of action: education, culture, scientific research, and rescue of marine mega fauna. Its mission is to disseminate knowledge about cetaceans and other species of high ecological value, promote their study, research, and conservation, as well as the marine environment in general, through exhibitions, talks, workshops, conferences, and rescue actions for marine megafauna along the coastlines of Mexico.



Actions to Save the Vaquita Marina:

Since October 2016, Museo de la Ballena actively participates with governmental institutions and other NGOs in the Upper Gulf of California locating and extracting "Ghost Nets." They have extracted more than 34,000 meters of netting, both abandoned and illegal, which were set to capture totoaba fish, from a 130-foot research and rescue ship, the "Narval."

From October to November of 2017, Museo de la Ballena also participated in the VaquitaCPR project, providing a 132-foot vessel, the "Pacific Monarch," as a floating hotel and meeting space for the team of scientists and specialists, a 41-foot yacht to locate vaquitas, and a RHIB 29 "Narvalita" boat for vaquita transport and logistics support in general.

SEA SHEPHERD – WORKING TO SAVE THE VAQUITA

Sea Shepherd Conservation Society (SSCS) is an international non-profit, marine wildlife conservation organization with a mission to end the destruction of habitat and slaughter of wildlife in the world's oceans in order to conserve and protect ecosystems and species.



Sea Shepherd

To date, Sea Shepherd has removed 808 pieces of illegal fishing gear (approx 163,600 meters), saving over 3,000 animals. Sea Shepherd's initiative to remove illegal fishing gear from the vaquita habitat has proven the most effective protective method to protect the vaquita so far. This initiative started in 2015.

Sea Shepherd is working with the local community to recycle the materials from illegal fishing gear into other products, guaranteeing that these materials do not go back at sea as killing devices as well as providing alternative income to the legal fisherman and community affected by the fishing bans set to protect the vaquita porpoise.



Sea Shepherd started the initiative of removing illegal fishing gear from the upper Gulf of California on Jan 2016, later being joined by other NGOs. November 2017 marked Sea Shepherd's return to Mexico's Gulf of California for Operation Milagro IV to save the near-extinct vaquita porpoise. This is Sea Shepherd's fourth consecutive year in the Gulf and the most crucial one yet for the vaquita. The latest official numbers of this species has dropped to less than 30, half the amount previously recorded in the 2015. With such dire statistics, the vaquita is now the most endangered marine mammal in the world.

As a direct-action organization, Sea Shepherd is working in partnership with the Mexican government on Operation Milagro IV to protect the vaquita refuge. Sea Shepherd ships, the M/V Farley Mowat and the M/V John Paul DeJoria, are stationed in the Gulf of California, working to remove gillnets, patrol for poachers, document and collect data to share with the scientific community, and report all suspicious activity to the Navy who will make arrests as needed.

Illegal gillnets

Sea Shepherd and Elephant Action League have been able to collaborate in the field on multiple occasions. The two organizations share operational data, and Sea Shepherd graciously allowed EAL's Executive Director, Andrea Crosta, to stay on one of their ships and witness firsthand the illegal night fishing taking place in the Gulf. Mr. Crosta was on board Sea Shepherd's ship during Operation Milagro IV and saw the importance and effectiveness of the organization's work, including the identification, retrieval, and destruction of illegal gillnets.

Sea Shepherd operates at sea tackling illegal fishing, while EAL operates primarily on land tacking trafficking, the organizations missions are symbiotic in their efforts to save the vaquita.

THOSE TRYING BUT FAILING TO REVERSE THE DECLINE OF THE VAQUITA

Mexican Government

The Mexican government has attempted to employ a number of ambitious conservation and enforcement efforts to combat illegal fishing and prevent the further decline of the vaquita.

- **Establishment of the Vaquita Refuge in 2005**: The Refuge Program was initially approved by Mexican state governments, but when provided with funds to manage fishing exclusion zones, those funds were often used for activities completely unrelated to vaquita conservation.[25]

- **Establishment of PACE Vaquita in 2008**: Action Program for the Conservation of the Species Vaquita (Phocoena sinus), Comprehensive Strategy for the Sustainable Management of Marine and Coastal Resources in the Upper Gulf of California, or PACE-Vaquita, was established to implement the primary recommendations made by CIRVA through its third meeting in January 2004. Through multiple phases of PACE-Vaquita, entangling nets were to be eliminated throughout the Refuge and then throughout the entire range of the vaquita by the end of 2012. The program offered buy-outs for fishermen, replacement vaquita-safe fishing gear or opportunities in mariculture or aquaculture, and compensation to fishermen for not fishing within the Vaquita Refuge. A significant problem with the program, though, was that all of these measures were voluntary. Additionally, there was a decided lack of:



Drone of the Mexican Navy

  - Effective enforcement and enforcement authority;
  - Integration of social and economic considerations in the conservation remedies;
  - Movement on the part of government ministries, particularly CONAPESCA (the Mexican fisheries agency), to implement the program;
  - A credible, well-organized fishery management system; and
  - Development of alternative fishing gear.[26]

- **Institution of an emergency two-year gillnet ban in 2015**: In April 2015, the Mexican President, Enrique Peña Nieto, enacted an emergency two-year gill net ban throughout the vaquita's range and initiated a USD 74 million program to compensate fishermen for lost income during this period. As with prior efforts, significant issues have plagued the compensation and enforcement programs as follows:

25. Rojas-Bracho and Reeves, "Vaquitas and Gillnets."

26. Rojas-Bracho and Reeves.

- Compensation was distributed unfairly (as previously discussed);
- There were fishermen in the compensation program who are mostly likely poachers;
- There was a decided absence of authority or empowerment to enforce the gillnet ban and arrest those fishing illegally;
- Representatives of PROFEPA, Mexico's environmental protection agency, were paid little and had their lives threatened when trying to monitor the Refuge and enforce the ban;
- While PROFEPA has the authority to arrest potential poachers, they cannot carry guns and therefore cannot protect themselves; and
- Even when arrests were made, no one was prosecuted as most just paid a relatively small fine – a fine small enough that totoaba poaching was worth the risk.



Mexican Navy

PROFEPA is not the only agency involved with enforcement of fishing restrictions in the Upper Gulf. The Mexican Environmental Police (SEDEMA), the National Commission of Natural Protected Areas (CONANP), and the Mexican Navy (SEMAR) are all involved, each with varying authority. As indicated, PROPEFA is able to make arrests but cannot carry weaponry. The Environmental Police are able to carry weapons and make arrests, but do not have their own boats, making it extremely difficult to monitor illegal activity in the Gulf. The Mexican Navy of course has weaponry, but has no authority to make arrests without a representative from the Environmental Police or PROFEPA on board.

To-date, even though there have been hundreds of arrests, no one has been prosecuted. The Mexican government did finally make the gillnet ban permanent in 2017. Blanket restrictions on night fishing and boat launch locations were also put in place as part of the gillnet ban agreement, along with requirements for tracking devices on small vessels in the Gulf.[27] Unfortunately, the issues surrounding enforcement have not been remedied.

27. Gilman, "The Fight to Save Vaquitas from Extinction."

A Fortune Has Been Spent to Unsuccessfully Save the Vaquita

It is not a lack of financing that is causing vaquita conservation efforts to be unsuccessful. According to public records, the Mexican government invested huge sums into vaquita conservation since 1993.

From **1993 to 2015**, the Mexican government invested more that **USD 40 million** in vaquita conservation through the following actions:

- In 1993, the designation of The Upper Gulf of California and Colorado River Delta Biosphere Reserve, a UNESCO World Heritage Site.
- In 2005, the establishment of a Vaquita Refuge, where all commercial fishing (including gillnets) is banned.
- In 2008, the Government introduced the Species Conservation Action Plan for Vaquita (PACE Vaquita), a comprehensive protection and recovery effort which includes a program to encourage fishermen to switch to fishing gear that does not threaten vaquitas.



Floating sea pen built for the attempted Vaquita rescue (credit: Terra Mater Factual Studios/Richard Ladkani)

From **2015 to 2017**, the president of Mexico, Enrique Peña Nieto, announced a two year vaquita gillnet ban and invested **USD 70 million** (USD 35 million/year) into the gillnet ban program, including new navy drones to patrol the area against poachers, new patrol and interceptor navy boats, and a compensation program to fisherman for abandoning the use of gillnets.

In **2017**, Vaquita CPR, an effort that involves relocating some of the remaining vaquitas to a temporary sanctuary, was attempted. The emergency action plan was led by the Mexican government and supported by a consortium of marine mammal experts from more than a dozen organizations around the world. In April of 2017, the Mexican government announced an investment of **USD 3 million** into the Vaquita CPR program.

Without taking into account the millions of dollars invested by a multitude of NGOs and the funds invested in Vaquita CPR by the US government, from 1993 to 2018, **the Mexican government alone has put at least USD 113 million into vaquita conservation efforts.**

Corruption

The discussion above focuses on inept and disjointed enforcement management, but protection of the vaquita and combatting totoaba poaching is also hindered by corruption throughout Mexican federal agencies, state governments, and local authorities. This includes willful appropriation of funds from the fishermen's compensation program by various parties, the acceptance of bribes at all levels, and enforcement authorities literally selling poaching equipment back to poachers, among other forms.

THE NEED FOR OPERATION FAKE GOLD

With so many stakeholders connected in various ways, both positive and negative, it is evident that the situation in Mexico is extremely complex. Unfortunately, it is unlikely this complex system of government agencies, fishermen, poachers, Mexican and Chinese traffickers, and drug cartels can be unraveled before the vaquita becomes extinct.



Totoaba maw on sale in China

In addition to the sheer complexity of the situation, and probably most significant to the extinction of the vaquita, is the lack of acknowledgement by almost all stakeholders of the criminal component behind the totoaba trade. For many years, responsibility for saving the vaquita has fallen to scientists, and later non-governmental organizations. These parties have never had the tools to fully tackle what is essentially a law enforcement issue.

In the same vein, when law enforcement efforts around vaquita conservation began, the focus was on the Mexican fishermen doing the poaching and the use of gillnets. Although these are important, neither focus addresses the real 'puppeteers' running the totoaba trade behind the scenes – what turned out to be high-level Mexican and Chinese facilitators or 'bosses.' These issues plaguing true vaquita and totoaba conservation highlight the need for intelligence experts when trying to tackle environmental crises. It is never as simple as science.

This is why so many questions still needed to be answered. How are the fishermen recruited into poaching? How do the Chinese in Mexico fit into the mix and who are they? Who are the middlemen transporting totoaba bladders from the shores on the Gulf of California to the ships headed for China? How do they do it? Who is funding these operations? Who are the players in the transit points – the true links between Mexico and China? We know it is not the fishermen solely responsible for the vaquita crisis. When up to 22,000 meters of illegal nets can be found and destroyed in one month during the high season for Totoaba fishing (according to a source in the Mexican Navy), and at up $4,000 per net, there is no way the average fisherman can acquire so many nets.

These are just some of the questions on the minds of EAL investigation and intelligence operatives. It is important to answer these questions in order to thwart illegal wildlife trafficking not only in Mexico and China, but around the world. What we learn from the situation surrounding the vaquita can instruct actions to save other endangered species, as well as how to disrupt and ultimately destroy the criminal networks at the heart of wildlife trafficking.

OPERATION FAKE GOLD

FITTING THE PUZZLE PIECES TOGETHER: THE SUPPLY CHAIN

Elephant Action League's (EAL) Wildlife Crimes Division has been investigating and collecting intelligence on the illegal totoaba swim bladder supply chain for over 14 months. EAL's teams of undercover agents and researchers have identified the most important players in the trade, mapped their *modus operandi*, and have acquired valuable, first-hand intelligence on the poaching of totoaba in Baja California and the Gulf of California, as well as the trafficking of totoaba swim bladder (or maw) to China.



Investigating the totoaba supply chain with Carlos Loret, Televisa.

There has been significant attention on the poachers, generally Mexican fishermen, by everyone trying to stop totoaba poaching and save the vaquita, including governments, world media, and NGOs. Unfortunately, there has been very little focus on the real culprits – Chinese traffickers, a few Mexican organized crime networks, and fishing cooperative owners. To-date, there has been no significant action against these individuals and entities.

EAL's investigative teams have identified what can only be described as "Totoaba Cartels" specializing in the poaching and trafficking of totoaba swim bladders. The supply chain starts in the villages of San Felipe and Santa Clara along the Gulf of California coast, but moves quickly to central smuggling operations in cities like Tijuana and Mexicali. EAL has found that these cartels are led primarily by three Mexican criminals who fund the Mexican poachers, and then sell the product to a group of well-connected Chinese traders and businessmen residing in Mexico.

EAL has collected intelligence along the entire illegal totoaba supply chain, from Mexico to China, as well as identified the complex factors surrounding the extinction of the vaquita and the destruction of an incredibly important eco-system. It is not only about the fate of the vaquita, but of the entire eco-system of the upper Gulf of California. As long as there is totoaba trafficking, there will be hundreds of miles of illegal gillnets destroying the Gulf.

The following sections lay out the findings of EAL's intelligence and investigative work in both Mexico and China. Through source development, one-on-one interviews, and the use of hidden cameras and audio equipment to record many meetings with persons of interest, EAL's teams have gathered the following information first-hand.

> **Note:** The information presented in the following sections were gathered from first-hand accounts by EAL's own investigators, recorded interactions with persons of interest, and recorded discussions with witnesses. All transcripts included in this report were originally recorded by EAL's investigative team in Spanish or Chinese. Every effort has been made to produce accurate translation of the conversations. In each quote, I = Investigators and a code is used to reference the witness or person of interest.

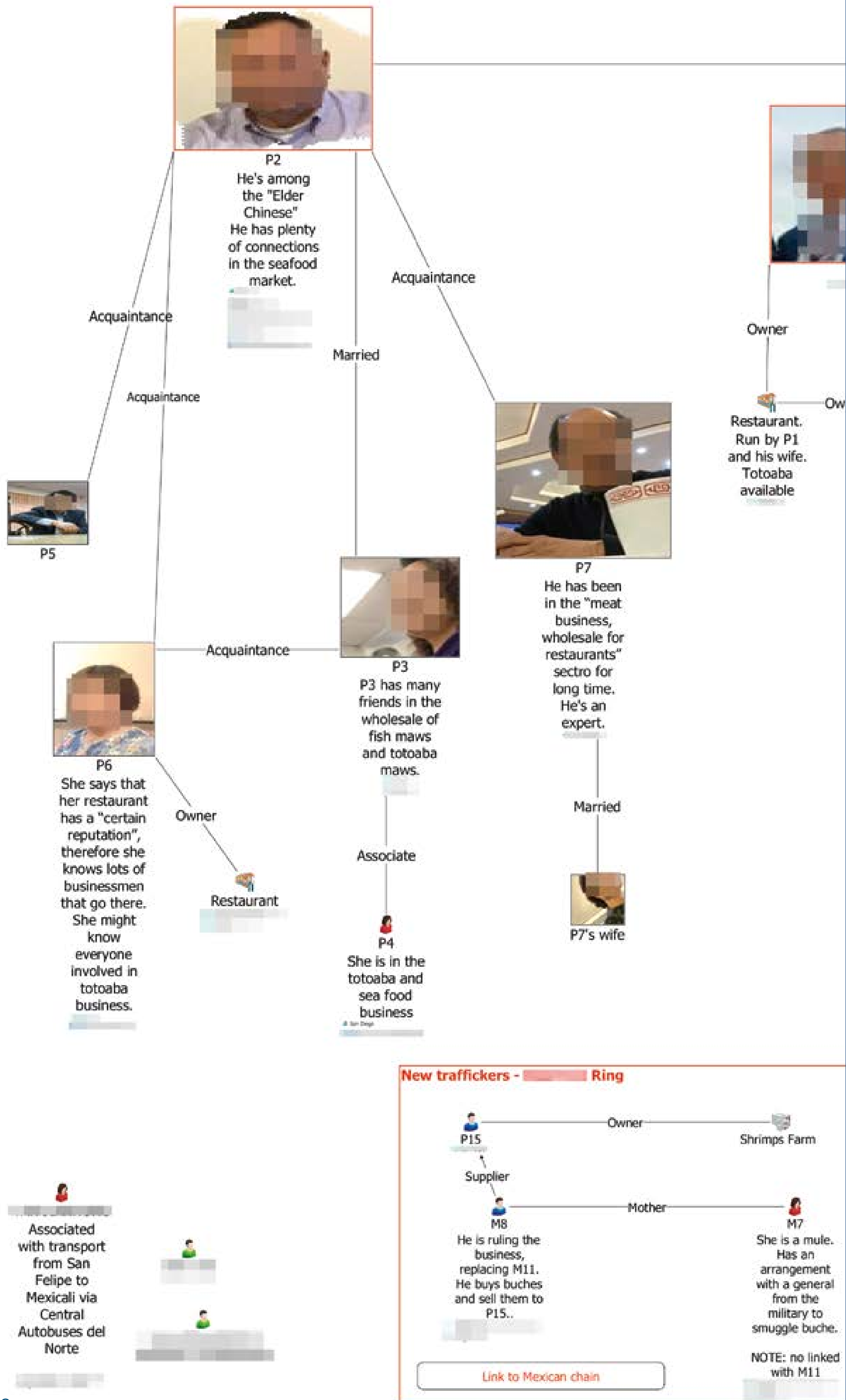
TOTOABA CARTELS

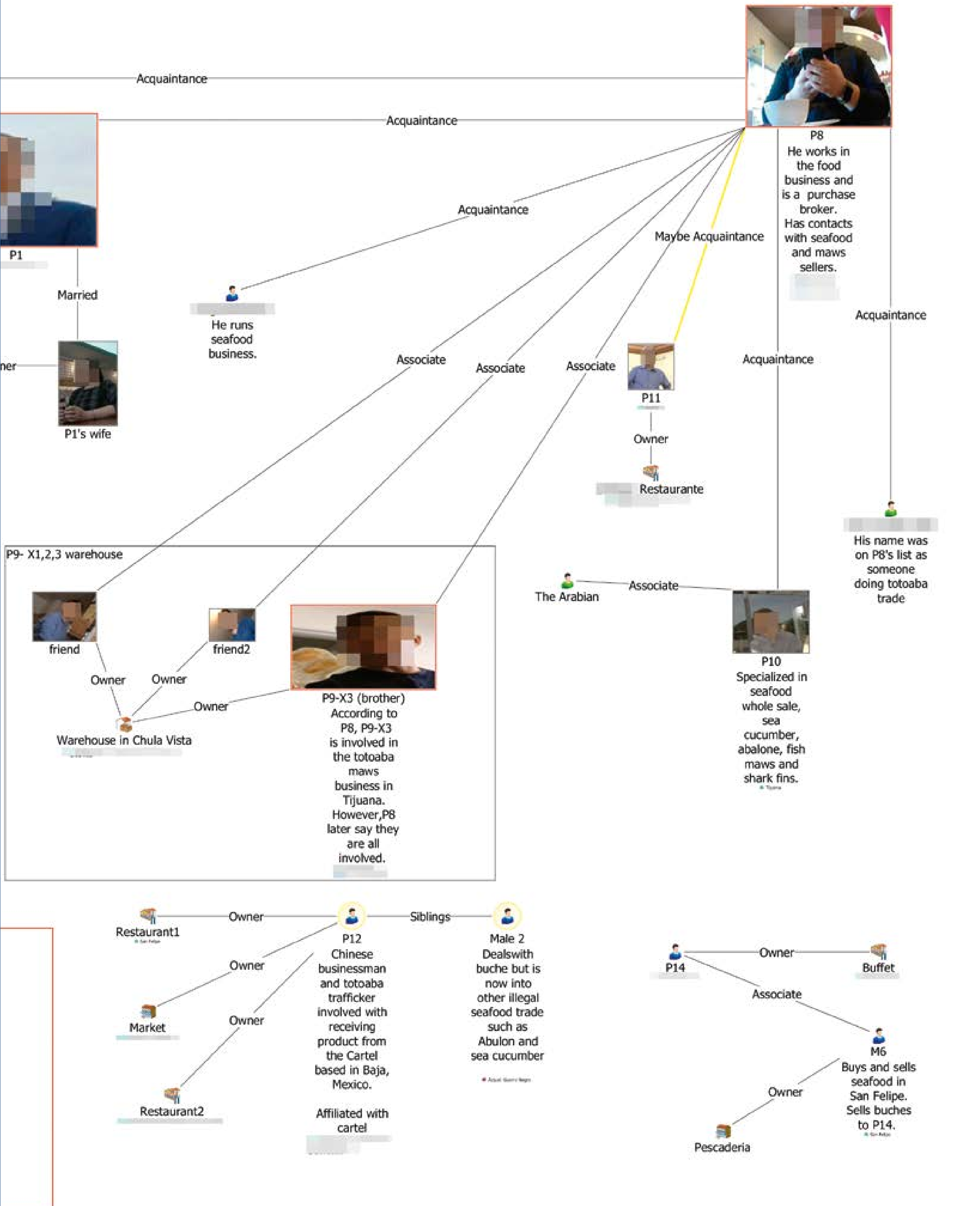
Elephant Action League's Operation Fake Gold has identified the networks of individuals that fully control totoaba poaching and trafficking in Mexico. These networks can only be referred to as cartels. This is because they function similarly and in parallel to the drug trafficking cartels already so prominent in Mexico. As a result, EAL has coined the description "Totoaba Cartels" to represent these highly organized, criminal networks.



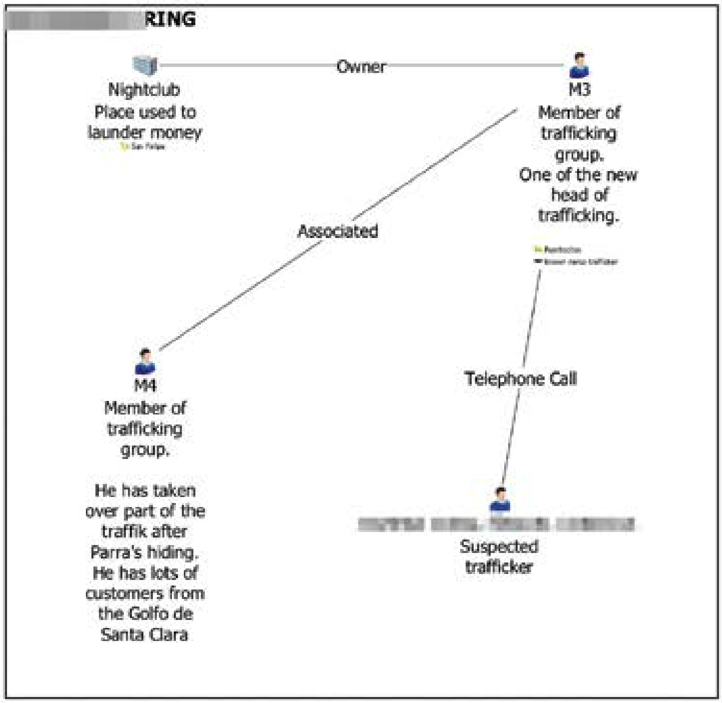
Illegal fishermen on a 'panga', with totoaba, Gulf of California

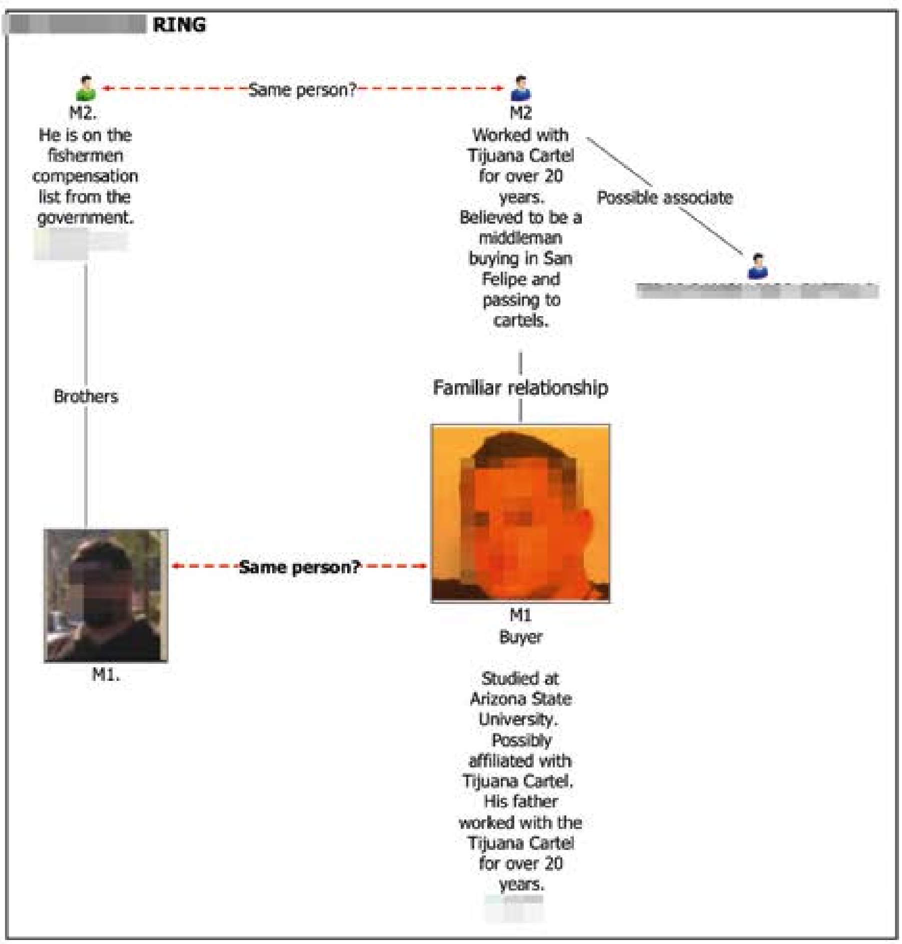
The totoaba cartels are comprised of dangerous Mexican criminals and drug traffickers in Baja California, the fishing communities of San Felipe and Santa Clara, and Chinese traders and businessmen, primarily based in Tijuana and Mexicali. The following chart depicts the primary totoaba cartel rings operating in Baja California, Mexico, as identified by EAL.

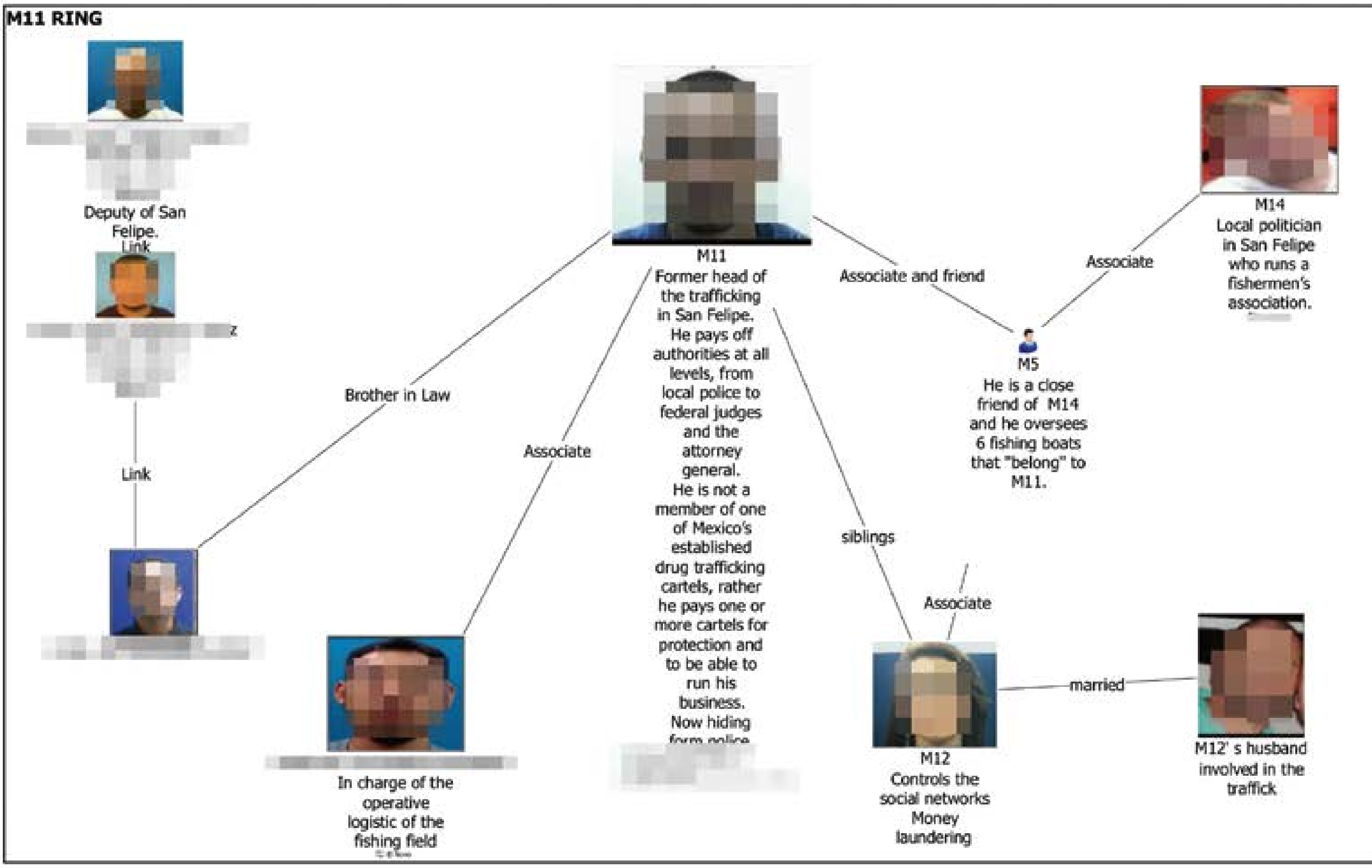

P2
He's among the "Elder Chinese"
He has plenty of connections in the seafood market.
Acquaintance
Acquaintance
Acquaintance
Married
Owner
Ow
Restaurant. Run by P1 and his wife. Totoaba available
P5
P7
He has been in the "meat business, wholesale for restaurants" sectro for long time. He's an expert.
Acquaintance
P3
P3 has many friends in the wholesale of fish maws and totoaba maws.
P6
She says that her restaurant has a "certain reputation", therefore she knows lots of businessmen that go there. She might know everyone involved in totoaba business.
Owner
Restaurant
Associate
Married
P7's wife
P4
She is in the totoaba and sea food business
New traffickers - Ring
P15
Owner
Shrimps Farm
Supplier
Mother
M8
He is ruling the business, replacing M11. He buys buches and sell them to P15..
M7
She is a mule. Has an arrangement with a general from the military to smuggle buche.
NOTE: no linked with M11
Link to Mexican chain
Associated with transport from San Felipe to Mexicali via Central Autobuses del Norte

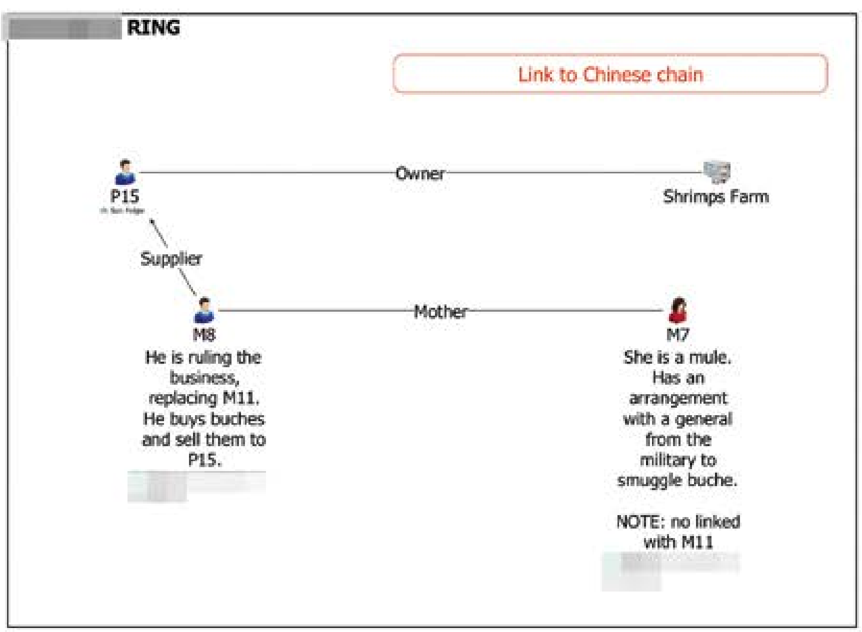

Acquaintance
Acquaintance
P8
He works in the food business and is a purchase broker. Has contacts with seafood and maws sellers.
P1
Acquaintance
Maybe Acquaintance
Married
He runs seafood business.
Acquaintance
Acquaintance
ner
Associate
Associate
Associate
P11
P1's wife
Owner
Restaurante
His name was on P8's list as someone doing totoaba trade
P9- X1,2,3 warehouse
The Arabian
Associate
friend
friend2
Owner
Owner
Owner
Warehouse in Chula Vista
P9-X3 (brother)
According to P8, P9-X3 is involved in the totoaba maws business in Tijuana. However,P8 later say they are all involved.
P10
Specialized in seafood whole sale, sea cucumber, abalone, fish maws and shark fins.
Restaurant1
Owner
Siblings
P12
Chinese businessman and totoaba trafficker involved with receiving product from the Cartel based in Baja, Mexico.
Affiliated with cartel
Male 2
Dealswith buche but is now into other illegal seafood trade such as Abulon and sea cucumber
Owner
Market
Owner
Restaurant2
P14
Owner
Buffet
Associate
M6
Buys and sells seafood in San Felipe. Sells buches to P14.
Owner
Pescaderia

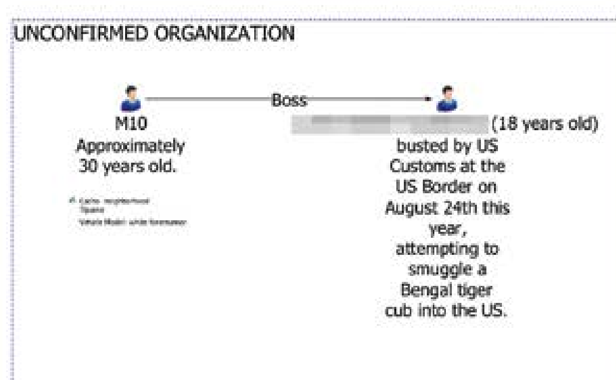
THE MEXICAN PLAYERS






M11 RING
Deputy of San Felipe.
Link
Link
Brother in Law
Associate
M11
Former head of the trafficking in San Felipe. He pays off authorities at all levels, from local police to federal judges and the attorney general. He is not a member of one of Mexico's established drug trafficking cartels, rather he pays one or more cartels for protection and to be able to run his business. Now hiding form police
Associate and friend
Associate
M14
Local politician in San Felipe who runs a fishermen's association.
M5
He is a close friend of M14 and he oversees 6 fishing boats that "belong" to M11.
siblings
Associate
married
In charge of the operative logistic of the fishing field
M12
Controls the social networks
Money laundering
M12' s husband involved in the traffick


RING
Link to Chinese chain
P15
Owner
Shrimps Farm
Supplier
M8
He is ruling the business, replacing M11. He buys buches and sell them to P15.
Mother
M7
She is a mule. Has an arrangement with a general from the military to smuggle buche.
NOTE: no linked with M11


UNCONFIRMED ORGANIZATION
M10
Approximately 30 years old.
Boss
(18 years old)
busted by US Customs at the US Border on August 24th this year, attempting to smuggle a Bengal tiger cub into the US.

Profile of Two Totoaba Cartels' Chiefs

M11

Profile of a Mexican Kingpin

M11 is about 37 years old, has been married twice, has children with four different women, and supposedly owns 17 houses in San Felipe and 27 cars. According to sources, along with family money, M11 used threats and fear to take control of the totoaba trade in San Felipe. Until he shot a military officer on a crowded street in San Felipe on December 31, 2017, he was the number one totoaba trafficker in Baja California.

M11 is known to have been very aggressive toward anyone trying to get into the totoaba trade. He and his gang were armed with guns and grenades, and he made death threats to anyone that got in his way. If spreading fear would not help his cause, he resorted to bribes – bribing authorities at all levels, from local police to federal judges. Similarly, although M11 was and is not an active member of a drug cartel, he was at least involved with the Tijuana drug cartels and paid them off on a regular basis in order to be able to traffic totoaba swim bladders through areas they control.

One witness's description of M11's threats:

> W: The ship captains said that M11 went to get them. He went to get them out of their homes and told them to not fish for shrimp. He asked them to not drag close to the shore because that is where all the nets are. He is threatening the people from the fishing ships. He takes them out of their homes and says that he is going to kill them.
> EAL: And those ship captains are here in San Felipe? They are from here?
> W: They are from here, old guys. He said if I see you around and I am pulling my nets I would kill you. "I also need to work" answers the man "I told you!" says he is threatening the trawlers.

Since the shooting, M11 hides, sometimes in plain sight, but remains unpunished. He first hid in the mountains between San Felipe and Ensenada, where drug cartels are cultivating marijuana and making other drugs, then he went to Puerto Peñasco, an area well controlled by drug cartels. Most recently, through, word is he is back to San Felipe. Sources indicate that he is perfectly safe in San Felipe because he is so feared and has bought the authorities, including the ministerial and federal police.

According to a second witness:

> W: (M11) is in San Felipe.
> EAL: Yes!
> W: It is the safest place for him to be.
> EAL: San Felipe?! But he just killed a military!
> W: Yes, but anywhere he goes his head has a price. And San Felipe is the only place where they are all corrupt; he pays the authorities in San Felipe.

P9

Profile of a Chinese Kingpin

The Chinese Kingpin is an impertinent, brash individual from Tijuana. He is a Mexican citizen having lived and run various businesses in Mexico for many years. He operates out of Tijuana and Ensenada and is referred to as one of the "Elder Chinese" – a strongly connected community of well-educated Chinese businessmen running both legal and illegal business enterprises.

According to sources, the man deals in wildlife trafficking, including totoaba maws, as well as possibly human smuggling. He admits to being in the seafood business but does not discuss current activity in the legal or illegal seafood trade. He does discuss his other business ventures, including import/export.

Ultimately, he is a totoaba trafficker – purchasing and receiving raw buche (totoaba swim bladders) from other 'totoaba cartel' members in San Felipe. He provides funds to the first buyers to purchase buches directly from the fishermen and has mules transport the swim bladders to Tijuana, Ensenada, or Mexicali. Once in the city, he has the buches dried and prepared for smuggling to China.

One source that is very knowledgeable about the totoaba trade and the "Elder Chinese" indicates that he is not directly part of the Chinese mafia, but he deals with the mafia in order to move illicit products.

> *Source: Tell you something. The one who was weighing the goods, he did some business in Mexico.*
> *EAL: You mean fish maw? (Totoaba.)*
> *Source: Yes. He is the head of the business and made a fortune.*
> *EAL: Where is his business? In Tijuana?*
> *Source: Yes.*
> …
> *Source: They (kingpin's family) do the fish maw business. They are actually all involved.*
> *EAL: How do you know the elder (name removed) is the head of the business?*
> *Source: Because I heard it from my friend (who is also in the fish maw business).*
> EAL: Is the elder brother a mafia member?
> Source: No, but some of his business needs the support from mafia. For example, people who helped him with fish maw delivery must be members of the mafia. All the smugglers must be mafia.

The three most prominent Totoaba Cartels are led by three Mexican criminals along with their families and requisite crews. Their backgrounds include drug trafficking, as well as money laundering and trafficking of other illegal seafood products. These individuals fund totoaba poachers (Mexican fishermen) and then sell the totoaba swim bladders to Chinese traders, basically facilitating the bottom of the totoaba supply chain. This includes purchasing or loaning funds to panga owners or fishermen to purchase gillnets and then paying the poachers per swim bladder.



San Felipe

They are equally connected to a few groups of Chinese nationals to whom they sell the swim bladders. Raw totoaba swim bladders are moved quickly from the fishing villages of San Felipe and Santa Clara to the smuggling centers operated by these Chinese nationals in Tijuana and Mexicali. They are not standard issue criminals or mafia bosses, but rather have their hands in many business outlets, both legal and illegal, one of which is the totoaba swim bladder trade. These Chinese businessmen manage the drying and consolidation of the swim bladders, and then organize the smuggling of the goods to Southern China.

Most of the traders were or are involved in the seafood business, both legal and illegal. They are not mafia themselves but are surely affiliated with the Chinese mafia. One source did indicate that they were linked to the Chinese mafia in both Los Angeles and San Francisco. These Chinese nationals use their prominent positions and exten-

sive funds to establish agreements with corrupt authorities, generally to help facilitate smuggling. It was noted that policemen would escort deliveries of illicit products through checkpoints and border control on behalf of particular buyers.

The previous chart depicts an extensive and long-established network of Chinese nationals operating in Mexico, and specifically involved in the totoaba swim bladder trade.



Angry fishermen assaulting Mexican authorities and destroying a Navy boat in the Port of San Felipe

One group of Chinese businessmen have been identified as the "elder overseas Chinese," a group that grew the totoaba maw trade in Mexico. A particular gang of "elder overseas Chinese" have been working out of Tijuana for a long time and not just in the totoaba trafficking business. According to sources, this group has been slowly moving into illegal migrant smuggling, or what technically turns into indentured servitude since the fees owed by the migrant are too high to pay off. According to a source, panga fishing boats are used to smuggle the Chinese immigrants, with the Mexican captain from San Felipe driving the panga from Ensenada – drugs, people and, apparently, maws transported all at the same time. This group is opportunistic, flexible, and able to apply their skills to whatever trafficking opportunity is profitable.

EAL's investigative team met with one of the so-called "elder overseas Chinese." During the conversation this individual explained why the price of seafood in Mexico is almost as high as it is in China. According to this business man, it is because of the money laundering business. Black money is smuggled back to China along with valuable seafood. People in China purchase the seafood from Mexico and have the black money packed with the seafood. Apparently, the money laundering business is flourishing around the seafood market in Mexico

The information gathered about these players within the cartels is not based on rumors. EAL was able to acquire detailed information through direct conversations with witnesses and sources, all of which have been recorded by EAL's undercover team.

It is these "Totoaba Cartels" that are ultimately responsible for the positioning of thousands of meters of illegal gillnets in the Upper Gulf of California - gillnets that kill vaquitas along with totoaba. It is this complex web of criminal activity that is driving the vaquita toward extinction. Only by destroying the center of this web can there be any chance to save the vaquita – the Chinese traffickers in Mexico.

BAJA CALIFORNIA: BOTTOM OF THE SUPPLY CHAIN

Gulf of California

The totoaba supply chain begins in the Upper Gulf of California, where fishing cooperative owners and the local fishermen use various means to illegally fish for totoaba. The most prevalent form is the use of illegal gillnets, but line fishing is also employed in certain seasons when the sea is too rough. Illegal fishing vessels, called pangas in Spanish, go in and out of the Upper Gulf day and night to position gillnets or check those already placed. During the month of April 2018, according to the local Navy, 22,000 meters of illegal nets were retrieved from the Gulf of California and destroyed.


South of San Felipe

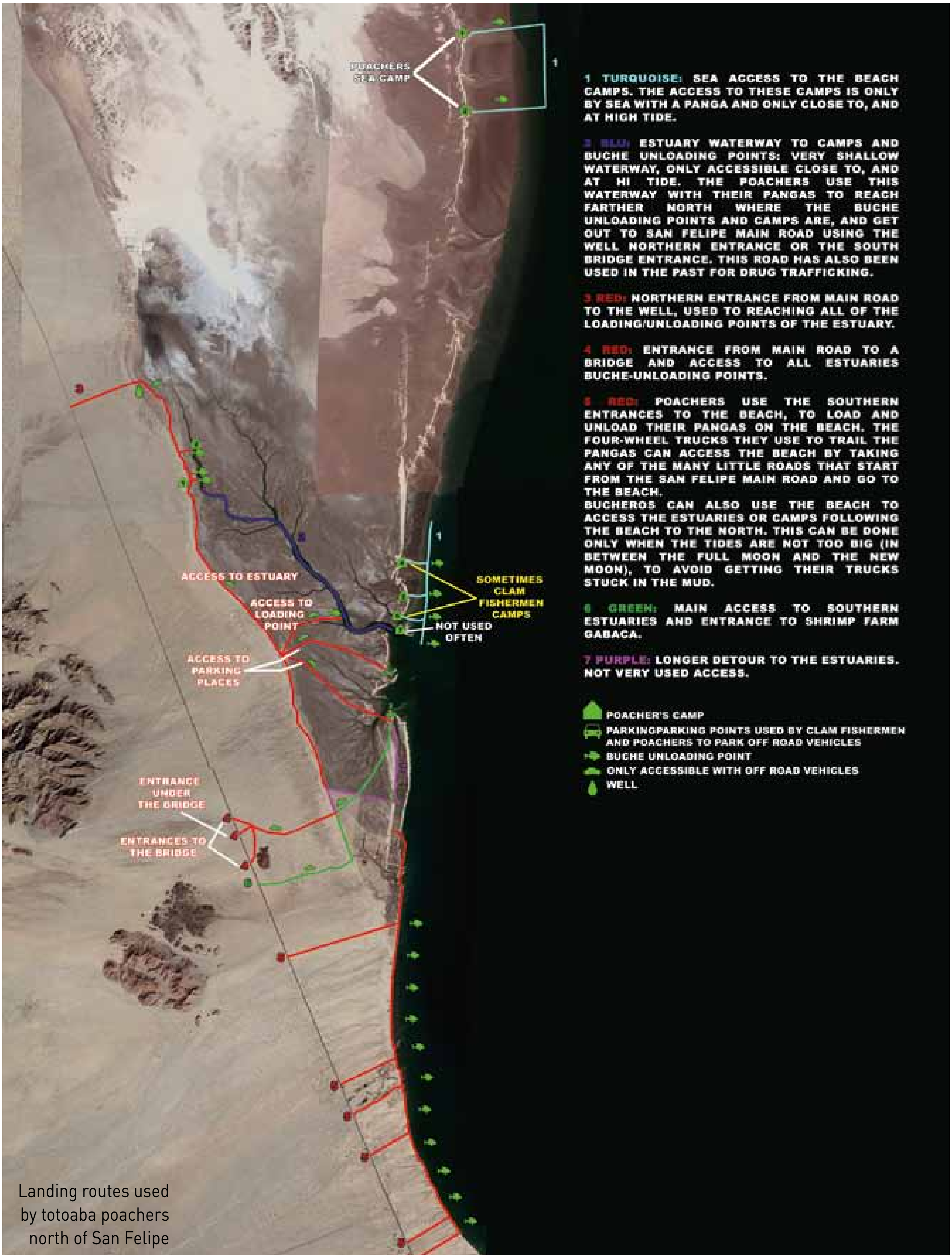
Totoaba are poached year-round. The fishermen follow their migration up and down the Gulf of California. It is March through May of each year, though, when the totoaba gathers in the Upper Gulf, directly out from the fishing villages of San Felipe and Santa Clara, that illegal fishing reaches its annual apex and the distribution of totoaba closely overlaps the vaquita refuge.

The swim bladder, or buche in Spanish, is removed from the totoaba at sea and the carcass is thrown back in the water. The buche is then handed over to a crew waiting onshore in pick-up trucks, all using various means to avoid detection, and generally taken to the panga owner. This individual then pays the fishermen USD 3,500 to USD 5,000 per kilogram of the buche.

Poaching Activity Map in the Upper Gulf of California

The map depicts how totoaba poachers enter and exit the Gulf when fishing totoaba. The camps and roads depicted are well known to the authorities in the area. Poachers' activities take place in the open since the coast is desert and treeless; drones and planes could easily spot their movements. There is only one main road that leads south to San Felipe and north to Mexicali. Buches are generally offloaded on the local beaches, poachers also take the seaways and offload the product in Puertecitos, Santa Clara where there is basically total impunity since the area is ruled by totoaba cartels. Another option for offloading buches is to navigate to Puerto Peñasco.

According to local sources in San Felipe, more than 80% of all fishermen in the Upper Gulf of California are now illegally fishing totoaba. The average salary for a legitimate fisherman in the region is USD 400-500 a month. A single totoaba swim bladder, if female, can be worth over USD 5,000 for one night's work. It is not surprising that these fishermen fell into the illegal totoaba trade. In fact, according to one fisherman, he was recruited into totoaba poaching by a Chinese man from Mexicali.



Landing routes used by totoaba poachers north of San Felipe


UNITED STATES
MÉXICO
Colorado River
Salt River
Gila River
Río Grande
Río Concepción
Río Yaqui
Río Mayo
Río Fuerte
Tijuana
Puerto Peñasco
San Felipe
Isla Ángel de la Guarda
Isla Tiburón
Bahía Kino
Bahía San Francisquito
Guaymas
Guaymas Basin (2000m)
Punta Eugenia
Santa Rosalía
Carmen Basin (2700m)
Topolobampo
Farallón Basin (3150m)
Punta Coyote
Bahía Magdalena
La Paz
Pescadero Basin (3700m)
Mazatlán
Cabo San Lucas
PACIFIC OCEAN
Islas Las Tres Marías
Bahía de Banderas
Cabo Corrientes
Puerto Vallarta
N
1
2
3
4
5
6
Meters
Feet
1500
4922
600
1969
0
0
200
656
1000
3281
3000
9843
6000
19685
Basins
Basins
The Sea of Cortez
Kilometers
0
100
200
300

SUPPLY CHAIN OF TOTOABA POACHING AND TRAFFICKING



1

Baja California, Mexico: criminals working for the Totoaba Cartels provide the fishermen and the fishing cooperatives with the expensive gillnets for totoaba or the money to buy them (up to $4,000 per net).

2

Sea of Cortez, Mexico: the fishermen go out at sea with fast powerful boats called "pangas", and position the gillnets in the water, taking GPS coordinates for each net so they can go back to check them.

3

Sea of Cortez, Mexico: the fishermen go out at sea and check the net for totoaba. The fishes are eviscerated at sea and the swim bladder (maw) is removed.

4

Sea of Cortez, Mexico: the fishermen go back to shore and, to decrease the risk of being caught with the totoaba maw and the illegal gillnets, they first meet an accomplice in a pick-up on the beach, who gets the maw and the equipment, so the pangas can go back to port without any problem.

5

Baja California, Mexico: the fishermen hand over the totoaba maw to middle-men who put together packages that are then moved to the main smuggling centers in Mexico with mules (Tijuana, Mexicali and Mexico City).

6

Baja California, Mexico: the Mexican criminals hand over the totoaba maw to the Chinese traffickers living in Mexico. They dry the maw and organize the international shipments, through airports and seaports.

7

Transit countries: the totoaba maw is shipped using couriers or shipments of other products like seafood. In order to avoid controls in mainland China, the shipments are sent through transit countries like Hong Kong, South Korea, Japan, the U.S. and even countries like Venezuela.



8

China: main importers of totaoba, usually in the seafood business, receive the shipments and distribute it to the various shops that illegally sell totoaba maw in Southern China (Guangdong Province).Hong Kong, South Korea, Japan, the U.S. and even countries like Venezuela.



Discussion with Witness 2, a fisherman in San Felipe

EAL: First, how did you get started in the business?
W2: I met a Chinese man from Mexicali who lent me 5000 pesos.
W2: You wouldn't fish them here in San Felipe yet. You wouldn't go to fish before Puertecitos. We were still looking for them, until we found them (totoaba).
W2: Everyone that is saying that bucheros (those that fish for totoaba) are rich, and this and that, it is a lie… All the people that go to work, they work to survive. In fact they would of not converted to fishing buche if it wasn't for the fishing ban. When they closed the fishery they didn't give any other choice than to convert to something that could bring you a small or big [income] without risking too much.
If you had a big net, and had to catch 50 kilos of shrimp, it is better to go get a one, two, or more buches.
...



Baja California

EAL: When your Chinese colleague came to you, who was he looking for?
W2: Those that would go fish. And we were here fishing so it was easy. Anyways there was no… We knew that there were some... It was forbidden (totoaba fishing) but there was no law to protect it, no one was taking care of this. You could go get some and come back and there were no issues. Then it went to chaos when all the others came…there were not only five or six pangas [before], there were so many pangas when they did the ban. That happened when they did the ban, three years ago, which is when everything went crazy. All the pangas started to go out to get this (totoaba)…because they couldn't make money any more, the government did things wrong, and didn't give any compensation to a lot of fisherman, they gave it to other people, and did other similar things like that.



EAL's Wildlife Crime Division on the ground

As the price of totoaba swim bladder increased, many more people came to San Felipe and other fishing villages to profit from poaching, even people that were not previously fishermen.

Discussion with Witness 2

EAL: Now men, when all the prices go up, this activity became an issue, it attracted the attention of other kinds of people that are not even fisherman, people that didn't even used to be fisherman, people that aren't even from the village…
W2: People from Sonora and Sinaloa emigrated, other people started to arrive in San Felipe.
EAL: Really!
W2: Yes.
EAL: For totoaba?
W2: Yeah for totoaba. More people from outside started to come here to fish.
EAL: Really not many people from here are working?
W2: Less, it's more the people that came to the village. If you had a panga, you would take on five or six fuckers from outside, and some people came with their own boats. This year the fishing has been calm because of so much law [enforcement], and because of…they are protecting it pretty well in that aspect. All the people that had twenty [nets] they took them from them, everything, they took everything from all. They all lost gillnets and there are very few people fishing with gillnets.

Violence Around Totoaba Poaching

Not only did people flock to the fishing villages along the Gulf of California, but these areas also became much more dangerous – as the totoaba trade heated up, poachers started arming themselves or were armed by regional criminal elements. Now that the fishermen are armed with weapons, including assault rifles, and their livelihoods are at stake, there have been several cases of violent confrontations in San Felipe. In one instance, a fisherman and a policeman shot each other to death.

In another instance, there was a significant confrontation between Mexican authorities and fishermen in the port of San Felipe. The local police were arresting three fishermen and seizing their panga for allegedly fishing and possessing totoaba. Other local fishermen saw what was happening and soon a few hundred of them, including family members, rushed the pier and started assaulting the police and Mexican Navy officers. **A few of EAL's investigators were present during this confrontation and witnessed the fishermen throwing rocks at the authorities, beating on two of the officers, and ultimately taking control of a small navy vessel**.



Angry fishermen assaulting Mexican authorities and destroying a Navy boat in the Port of San Felipe

The San Felipe residents that took the navy vessel refused to relinquish it until the three fishermen were released. After detaining the fishermen for six hours, who had been transferred to Puerto Peñasco, the police gave up and released all three.

There is now a level of violence around totoaba poaching that has rendered the local authorities helpless to stop it. At this point, the fishermen, and what has been described as the totoaba cartels, 'own' the villages.

Discussion with Witness 3 - Describing armed poachers

W3: Last week they caught some guys that are some of the longest and most famous poachers of totoaba. They caught them with weapons. They went to the sea with weapons. […] Here on the camp

where they all go out, close to the CPR, a little more over here. They caught them with guns, and three days later the guys were back. Already free!
EAL: There is no law. Ha!
W3: There is no law. They go to the public department, and with money, they are liberated, a lot of money. They come back and they make fun of it…
EAL: You can tell, that is why it makes me so angry. You can tell that they feel too comfortable.
W3: They arrested the guys with the weapons and they released them.
W3: The two, three, or four guys that they caught with weapons. With one gun. SEDENA caught them and they got out paying the bond. And we know that they fish totoaba.
EAL: No one is in jail.
W3: No one!

Discussion with Witness 3 - Describing one of the poaching 'kingpins' arming fishermen

EAL: He is like the King here. He does what he wants.
W3: King but a lot of people don't like him. He is becoming very bad.
W3: Actually, those guys that they just caught three or four days ago. They are saying that he (M11) brought too much attention with his actions, and now they are the ones paying for the consequences.
W3: They were fisherman and he wanted them to be drug traffickers. He wants to change them, giving them weapons, money, and shooting…

One of the kingpins (M11), the leader of one of the Totoaba Cartels, on New Year's Eve 2017 killed a Mexican Army officer, with an AK47 in one of the busiest streets in San Felipe, in front of many people. He is now wanted for this and other crimes.

Enforcement & Corruption

EAL's undercover operatives observed intense poaching activity over the past fourteen months, with local law enforcement unable, or sometimes unwilling, to stop it. Multiple sources in San Felipe indicated that the Mexican Navy is afraid of the illegal fishermen, particularly those funding and controlling these illicit operations. These men and women live in San Felipe with their families, therefore, they do not want to put their families in danger. The current law also does not help law enforcement. As a result, the Navy generally struggles to enforce the totoaba fishing and gillnet bans.

Discussion with Witness 3 - Describing actions of the Mexican Navy

W3: It's a joke! That the navy…
EAL: It has been that way for now two years!
W3: Something like I chase you and you never catch me. With the intention of not damaging the boat so the navy can't charge me.
…

W3: What is happening is that the navy does a show. They chase them (poachers) and say that they can't catch them. One thing that is right is that when they go to shallow waters, a boat like the Defender has more draft. But even like that they could go to shallow waters. Last year during the corvina season, the navy on board a Defender from Puerto Peñasco didn't want to go shallower than nine meters. Ridiculous! How would you get off the defender if there is 9m depth?!
EAL: I know because when working with them at night it is the same. It's like: "We can't go there is no depth! But we go with a huge ship! We go to the beach. Don't tell me that you militaries can't.
W3: The other excuse is that they go to the seashore and that is where they stay: "I stay in safe water, here is where I will stay!"
EAL: And they could send land patrols, it's not like there are ten main roads, there is only one. It won't be hard to find them.
W3: There is a video where the boat is chasing them and they go to a tourist camp where they always get their pangas in the sea, Ruben camp 1. They arrive and the pickup is there, they get the boat, but no one is on land. I always wonder why. Why don't the guys from the sea tell the guys from land: "Organize a land operation."

A local navy officer in San Felipe was overheard by an EAL investigator saying, "OK, we are not arresting these people because we are afraid. We live here with family surrounded by these people." Ultimately, these naval officers are trying to function with laws and operational rules that are weak, leaving the Mexican navy with little and undefined enforcement authority.

Discussion with Witness 1 – Describing actions of the Mexican Navy

W1: I imagine, I wanted to think that, the ship got close to the pangas to take pictures, or something, because they all went out, something like three went out, and then the navy ship, but the navy ship went to the middle to the open sea, and the pangas went to the estuaries and to Punta Estrella. So, nothing logical - they don't even try to block them, they let them go free.
EAL: Yes, it's very ugly like always…
W1: And so, how crazy, how?
W1: And what will you do? First remember that it was the admiral from the navy that was full of shit, and (omitted) and the other soldier. (Omitted) is one that is in charge of that green's powerboat. What was he doing? He was confiscating long lines and nets. And… You know Carlos he told me: "How is it possible? A fucking net caught our attention" he said " and now that we went back to drag we retrieved it again!" He said "It was supposed to already have been retrieved, but we found it again…"
EAL: Really!
W1: What was going on: that soldier was giving them back. The soldier was returning them…(to the poachers)
EAL: When you are talking about the admiral, it is the one from

before right?
W1: Yes the one from the navy.

Discussion with Witness 1 -
Describing corruption in the Mexican military

EAL: So you say that woman is working with the navy?
W1: No, With the military. They are in charged of the checking point, and they don't touch it, they don't check the car.
EAL: So they are paid off at the check point.
W1: They are. Imagine if she is well arranged with the general, what are they going to do to her? She will pass all that she wants when she wants. When she goes the general says to let this or that car pass, or he puts his people at this time. And his people know what car they should let pass. Or they know the woman. They give her the green light.

According to EAL sources, the San Felipe police have been highly corrupted by those individuals controlling totoaba poaching and trafficking. As a result, they are generally useless for enforcement purposes, and even dangerous at times. If they know that a fisherman got totoaba they will visit him and ask for a cut.

Discussion with Witness 2 -
Describing extortion practices of local authorities

W2: Yes, it is good business, but as much as it gives you money it also takes away, do you understand? To tell you about it. Now if the Mexican authorities find out that someone: "Hey! This guy just got 40,000 dollars" they will come and get you wherever you are. They will get into your house, and there you go! 30,000 dollars for them.
EAL: They are doing that?
W2: That is what they have been doing. That it is why it is not convenient. Who ever come, whatever authority that comes, they will extort from you, what ever authority.
EAL: Now a question, you come and take my money away.
W2: You work and get some again.
EAL: You will let me work?
W2: Yes, work and I will see that you get more, and it all starts again.
EAL: You mean that they will let me work, and they will catch me again, and they will take my money away once again.
W2: If they find out, yes.
EAL: Who are they?
W2: The authorities.
EAL: Police?
W2: I don't know if they are involved, but if they find out, they come and… because of someone that… A tattletale will come and say: "You know that this person caught for 40 or 50,000" and they come and get you like that.



Totoaba maw on sale
in China

Discussion with Witness 2

> W2: I have four workers, and I won't tell anyone that I caught some (totoaba), but my other workers will show up: "We caught for 20,000 dollars!" and someone from the streets talks to the authorities.
> EAL: So it is through the people that they find out.
> W2: Yes because… you will always have enemies. You know jealous people, and if they know that you caught some they will think: "This guy just caught for that much and I will do everything so they take it from him." Do you understand? That's how it works.
> ...
>
> I: How dangerous is this business for you?
> W2: It is very dangerous.

According to another witness, person of interest M11 pays off authorities at all levels, from local police to federal judges and the attorney general. Even though M11 has paid out hundreds of thousands of dollars to various authorities, "the police" were able to arrest a few of M11's crew who were found with automatic weapons and grenades. The witness indicated that the police took these men to Mexicali for prosecution, but M11 immediately paid off the judge and the men were back to poaching within a few days.

Recent totoaba seizures in Mexico

Over 1,000 totoaba maws were seized in Mexico in April 2018. At an average price of USD 5,000-6,000 per kilogram in Mexico, and up to USD 20,000-50,000 in China, it is a multi-million dollar business with very low risk. The Chinese nationals arrested during three main seizures in April were released on bail within a day.

Baja's Totoaba Cartels

The key here is that most local fishermen in San Felipe or Santa Clara do not appear to have enough money to fund their own totoaba poaching operations. One fishing net alone costs USD 3,000 to 4,000. Therefore, it is apparent that totoaba poaching and trafficking is being controlled by people who can afford to fund these operations and possibly lose their investment. Sources among the fishermen have indicated that it is common for fishing cooperatives to borrow money for gillnets directly from local criminal elements, generally current or former drug dealers. These Mexican crews, encompassing fishermen, fishing cooperative owners, and regional Mexican criminal networks, along with Chinese trafficking "gangs" (discussed later), have formed what can only be described at Totoaba Cartels.

Discussion with Witness 2 - Describing why totoaba poaching requires significant investment

> **W2: Because the investment is huge, one gill net costs something like 4000 dollars, and now you put three or four gillnets, and they (authorities and NGOs) leave you without any. And you wouldn't man***age* to catch anything. If you would catch the product, you could do more, but if you don't catch any, you are stuck.

EAL: So that is one of the reasons why there are less people now.
W2: Yes, those that have more money keep going...

The totoaba cartels can be distinguished from Mexico's known drug cartels. There is no evidence that the large Mexican drug cartels are directly involved in totoaba maw (buche) trafficking – they make much more money from drug trafficking. Given the control that these drug cartels have in Mexico, though, they are most likely indirectly involved as transit facilitators. Plus, a couple of the primary players in the totoaba cartels learned their craft as drug traffickers before switching to or added totoaba maw trafficking.

These totoaba cartels are led primarily by three Mexican criminals who fund the Mexican poachers, and then sell the product to a group of well-connected Chinese traders and businessmen residing in Mexico.

The first is person of interest M11 who, up until recently, almost fully controlled the totoaba trade in San Felipe. Totoaba buche has made M11 very rich. He supposedly owns 17 houses in San Felipe and 27 cars. According to witness 3, M11 is not a member of one of Mexico's established drug trafficking cartels, rather he pays one or more cartels for protection and to be able to run his business.

Discussion with Witness 3 - Describing M11's entry into the totoaba market

W3: Before M11 was really into this, there were a lot of buyers. Here people with money could become a buyer. And then M11 came and didn't let… He scared them: "Why are you buying, I am the one that buys." It's only him and the other guys, the Segunderos. Now it is what we are witnessing. Now how is going to do it, now that he is not often here? The Segunderos are still doing it. There is an important Segundero.
W3: He (M11) can still have runners here. People that buy and bring them (buches) to Tijuana or Mexicali, and he drives them there or gets them into United States.
W3: Chinese created San Felipe.

M11 used threats and fear to consolidate his control of the totoaba market in San Felipe.

Discussion with Witness 3 - Describing M11's threat tactics

W3: The ship captains said that M11 went to get them. He went to get them out of their homes and told them to not fish for shrimp. He asked them to not drag close to the shore because that is where all the nets are (the gillnets set to catch totoaba). He is threatening the people from the fishing ships. He takes them out of their homes and says that he is going to kill them.
EAL: And those ship captains are here in san Felipe? They are from here?
W3: They are from here, old guys. They (M11's crew) said if I see you around and I am pulling my nets, I would kill you. "I also need to work" answers the man "I told you!" says M11, threatening the trawlers.

W3: He is ruling by fear. Its like as PROFEPA says: They are threatening us, so we don't want to be in the middle.
EAL: Now they talk a lot about M11, but he is not the only one, there are many.
W3: There are many, but he is the one that works using fear.

M11 also allegedly paid approximately USD 200,000 to have San Felipe's chief of police removed from his position. When this plan failed, M11 sent funeral crowns to the chief of police, one for him and each of his family members, as a threat. After shooting a man in the street recently, M11 had to leave San Felipe and go into hiding. According to sources, he returns to San Felipe often and is under the protection of the local police when he is in town. Regardless, M11 has lost control of the totoaba business.

According to EAL's sources, including various government sources, three totoaba cartels have taken over, or are in the process of taking over, the totoaba trade in San Felipe and Santa Clara from M11. The leaders belonged to other groups that were trafficking totoaba in the past years, in a competition with M11. Two were known drug traffickers but also receiving compensation, either as a fisherman or 'permisionario', under the government compensation program.

Discussion with Witness 1 – Describing a new 'cartel' (M8) taking over the trade in San Felipe

W1: Now with what happened with M11 others are getting into the market (totoaba trade).
EAL: Who are they?
W1: Other people.
EAL: You mean they are taking M11's spot?
W1: Yes, and they are outsiders. Outsiders are coming.
EAL: Do you mean the Narcos. But they never did this before?
W1: No, they are outsiders, and one of them stayed almost as a substitution for M11. One of the ones that is buying (totoaba).
EAL: You mean that he is still working for M11? If he substitutes for him, then he is still working for M11.
W1: He is substituting for him only in his role, but not in his business because he was also working when M11 was there, so he stayed with more control. Now he is stronger.
EAL: What is the name of these gringos, what is their name? [name removed] M4?



Pick-up waiting for an illegal fishing boat on the beach in Santa Clara

W1: Yes M4 is also there. They even caught his miss in Calexico crossing [the border] with buche. That one is strong in the Golfo (de Santa Clara).
[…]
W1: There is M7 working, which has been helped by the general from the military.

EAL: Are you serious!
W1: It's to smuggle the buches. Her son is ruling the business now. He is replacing M11. Military arrested him before with thirty or forty buches. When the soldiers arrested him, they set him free and he managed to make an agreement with the military, and now the woman has a good friendship with the general. And the woman is moving the buches. They paint the car every week. They paint it different and they have other cars that are transporting it.
EAL: But she is from there, from San Felipe?
W1: Yes, San Felipe, she is the mother of the person that is buying the buches now. His name is [name removed] M8. And those people are selling it directly to a Chinese person that is the brother of the owner of the restaurant where we are going. He has a shrimp farm in San Felipe, where the estuaries are, and it is where he started to talk to M8, and now they started working together, but quietly, with what they had left in the business to work with. But now that M11 is gone, now they are hitting it hard.
EAL: And what is the name of this Chinese?
W1: His name is (name removed) *P15.*



Fishing boat in Santa Clara

M8's crew is not the only family trying to corner the totoaba swim bladder trade in San Felipe. There is another run by M2.

Discussion with Witness 3 - Describing another 'cartel' family (M2) out of San Felipe

W3: They come from a drug trafficking family from San Felipe.
EAL: Are they the same group as M11?
W3: No, they are young blonds that were born in Arizona; they look like Americans. They are called The (redacted). They are young 25 years old guys.
EAL: Are they bucheros (buche traffickers)?
W3: Yes remember. All the brothers are drug traffickers and they spent all their life doing that. Now they had the opportunity to get into the totoaba. And because they know the drug trafficker's ways, they use the same routes for the buches. It's there that now the crime webs are well organized. And those guys work along with M11. There were two webs, M11's and those guys web. … And they keep a low profile because they came from the drug trafficking world. They keep a low profile, and M11 does the opposite. He wants to work using the aggressive side, imposing fear and those kind of things, [like] buying authorities.

Discussion with Witness 3 -
Describing how this 'cartel' was formed

W3: No, they are [M2], but they are called (reducted), their drug trafficking nickname. One of them that started to buy from his family told us. He said: "My mistake was to bring my brothers to the Chinese people during a trip." He was the good guy, he was the one that used to buy, and his brothers were not doing well economically, and he gave them work to start buying here. He lends them money. And during one trip they came with him. "My mistake was to show them the house where I was going to sell to the Chinese." Month after they were buying and they betrayed him.

M8's cartel has further competition from M3 who runs the (name omitted) nightclub in San Felipe, a business that was used as a means to launder money coming from totoaba trafficking. His brother (M4) is believed to function as a middleman between San Felipe and the Chinese buyers of totoaba buche in inland cities.

Discussion with Witness 1 - Describing a third 'cartel' working in San Felipe and Santa Clara

W1: M4 is actually hitting in the Golf. All the people that he receives [buche] from are from the Golfo.
EAL: Really, he is working more with the Golfo de Santa Clara?
W1: Yes
EAL: They didn't have a business in San Felipe?
W1: Yes, but he also has a process business in the Golf, in fact the one that is working now

Transporting & Preparing the Buche (Totoaba Maw)

From the shores of the Upper Gulf, the buche is taken to locations in San Felipe, Santa Clara, and sometimes Puerto Peñasco, Mexico, to be sold to the first buyers. It is in these towns where the raw buche is consolidated and readied to be moved to a drying location.

The owners of the fishing gear and pangas take the raw swim bladders to the first buyer or, in most instances, the first buyer's assistant. This is so the buyer can protect him or herself from being caught with the illicit product. The exchange generally takes place in the fishing village. The assistant or buyer weighs the swim bladders in front of the panga owner and then provides payment, generally USD 3,500 to USD 10,000.

Discussion with Witness 2 -
Discussing selling buche to the first buyer

EAL: What happens when you catch a buche, what is next? Where do you go? What happens?
W2: I sell it.
EAL: You sell it locally?
EAL: Directly? You sell it, you go to Mexicali? You drive to Mexicali?
W2: No here (San Felipe).



Fresh totoaba maw seized in Mexicali in April 2018

EAL: Here, and someone else is driving to Mexicali, another person. Ok, so you just sell it and take the money?
W2: Yes, here it's something like 5000 dollars and in Mexicali it's something like 6000 dollars. But you don't have to take the risk of passing the check points any more, or the police, or… If you go somewhere and you say that you are a fisherman, it is like saying that I am a narco trafficker, what I mean is that they check the entire car.
EAL: Ok, so you give it to someone here and they immediately give the money, and then it is not your problem anymore. It is their problem. And is it dangerous?
W2: No.

It is the first buyer that cleans the swim bladder of blood and its sticky coating and then prepares the bladder to be transported, still fresh at the point. They roll up or pile the bladders, so they can be transported inconspicuously, generally inside hidden compartments in cars or trucks, strapped to someone's body, in nondescript bags, or in any concealed place that is available. These traffickers change where they hide and how they move the product frequently to avoid being caught.

It is at this point when the second buyer comes into play. The second buyer, usually Chinese and from Mexicali, Tijuana, Ensenada, Calexico, Mazatlan, Puerto Peñasco, Guaymas, or La Paz, purchases the swim bladders for a price that is still unknown and has the products moved to one of these cities or towns. These buyers use mules to transport the fresh swim bladders, often with the collaboration of corrupt authorities



that have been paid off to let transport vehicles pass check points.

In April 2018, authorities in Mexicali stopped a suspicious vehicle that turned out to be a buche transport vehicle. The found 229 totoaba bladders, about 100 kilograms, in three coolers throughout the car.

Discussion with Witness 2 - Discussing the sale of buche to Chinese buyers

EAL: The buyers that buy from the Golf (Santa Clara) people are the same people that buy from you?
W2: No
EAL: But the Chinese in Mexicali is the same.
W2: There must be a leader, but the leader will never show himself, right? Same as in the United States, they never show that there is a Chapo Guzman in the United States neither, and there must be lots, lots of leaders in United States.
EAL: And it is also happening in Tijuana the same? Like Mexicali?
W2: Tijuana and Mexicali, with different people.

The second buyer actually dries the swim bladder. To dry it they open the swim bladder up, keeping one of the extremities closed. In China, traders like to put a red ribbon on that extremity before putting the swim bladder under a glass protection. The drying process takes approximately two days. One known technique is to place the swim bladder at the heat escape of a clothes dryer so the drying takes place at a temperature between 60°C and 80°C.

Until 2016, totoaba swim bladders were dried in San Felipe and person of interest P12, a Chinese buyer, was involved with preparing the buche and sending it to his restaurants in Tijuana or Mexicali.

Now, according to Witness 3, the bladders are not dried in San Felipe anymore, but rather in the cities.

P12 is a huge buyer and, as of January 2018, he was still very active as a buyer of buche. He uses so called “runners” – fishermen to poach totoaba and middlemen acquiring the buche from the fishermen and transporting it to Tijuana or Mexicali – to purchase large quantities of buche (totoaba maw).

Discussion with Witness 3 -
Describing P12's buying activities

EAL: They told me that he (P12) is not drying them here (San Felipe). That he doesn't do that and more.
W3: He probably can do it in Tijuana or Mexicali. It's because those places have less surveillance. Here it's more under control now. And they are watching him. They know him well. But he buys, he buys all year long. Any day you bring some. Even if a fisherman brings him a small buche he buys it from him.
EAL: He continues buying?
W3: He is buying all the time. He has those that are called "los coredores," "The runners." I mean the people, fisherman...buyers.

The supply chain may start in the coastal villages of the Upper Gulf of California, but the process described above moves the buche quickly to central trafficking operations in Mexican cities.

Baja's Trafficking "Gangs"

As stated previously, the raw totoaba swim bladders are moved to inland cities in Baja, Mexico, to the smuggling centers operated by Chinese nationals. Chinese traders, mostly businessmen based in Tijuana, Mexicali, Ensenada, and even Mexico City, run various businesses related to international trade, both legal and illegal. They are not standard issue criminals or mafia bosses, but rather have their hands in many business outlets, one of which is the illicit totoaba swim bladder trade. Some of them trade in all sorts of seafood, again both legal and illegal, with interests spanning from Mexico to Hong Kong, China, and even the United States.

One group of Chinese businessmen have been referred to as the "elder overseas Chinese," the group that grew the totoaba maw trade in Mexico.

Discussion with P8 - A Tijuana businessman

EAL: Who is in the Totoaba business then?
P8: The elderly overseas Chinese. They work in a gang.
EAL: How long were they in this business?
P8: Not for long, only in these 2 to 3 years.
EAL: Then they made such a fortune?
P8: It's fast money.
EAL: How do they get the fish maw? Do they fish by themselves?
P8: No, it's from the Mexicans. Although some of them did take it from the sea side. But not all Chinese dare to do this business. There is no control (from the official) in the sea area.
...
P8: Totoaba. A lot of people made a fortune out of Totoaba fish maw. Not only tens of thousands but millions of USD that I am talking about. It cost more than tens of thousands per Catty. The price here is USD 7,000/kg at most.

This contact further reveals that a particular gang of "elder overseas Chinese" have been working out of Tijuana for a long time and not just in the totoaba trafficking business.

Discussion with P8 - Discussing the Chinese "gang" in Tijuana

EAL: So it's originally from the local fishermen…
P8: ...Then the mafia took over. How did they get their fish maw back? I knew someone, he has connection with police who helped him with delivery.
EAL: Police men?!
P8: Yes. You need to collaborate with police. It's a long way from there to Tijuana. There is a lot of border customs. A lot of people involved in this illegal business.
EAL: Is there a Chinese mafia here?
P8: Yes, but not in these areas. There is some from US, originally from Quanzhou.
EAL: Where?
P8: ... (Hesitates a bit) I am not familiar with it. From China.
...
EAL: Did they just appear for a short time for this business, or were they here for a long time?
P8: For a long time already. The elder overseas Chinese I just mentioned. I should not reveal the names...
EAL: Why not? In case we meet them...
P8: It's fine, just stay out of their business. If they ask you to be part of the business, just refuse. Actually they keep it down, only some people in fish maw business know.
EAL: At least the last name?
P8: Too many of them, it's a gang.

Further investigation and intelligence gathering identifies persons of interest P2, in Tijuana, P3, working in both Tijuana and Ensenada, and P7, in Mexicali, as being among the individuals considered "elder Chinese." Their positions in the totoaba trade has allowed them to acquire large amounts of money very fast.

Although these men developed and ran the totoaba trade since it heated up five or six years ago, the contact below indicates that they are slowly moving into illegal migrants smuggling or, more accurately, indentured servitude, given that the fees owed by the migrants are almost too high to ever pay back. The group is opportunistic and able to apply their skills to whatever trafficking opportunity is profitable. This leads to a solid assumption that their network is well-established and effective. EAL's contact refers to them as "the mafia" and suggests that the investigative team "stay away from their affairs."

Discussion with P8 - More discussion of the Chinese 'gang' in Tijuana

EAL: You mentioned that gang of people.
P8: They all live in the same village.
EAL: You mean the gang, who is into fast money… Did you mean the elder overseas Chinese?

P8: Yes, the elderly took the lead on the fish maw (means totoaba) business in the old time. Now they are less furious in the fish maw business. Now they are more into smuggling illegal Fujian immigrants.
P8: if you don't have conflict with them, they will not bother you.
EAL: Do they have police to escort their delivery (of Totoaba)? That's unbelievable.
P8: I've heard about it. We were asked by some foreigners, who have an intention to be part of maw business (means totoaba) and try to get in touch with us. But we don't do this business.
EAL: What do they do? Fish maws?
P8: Yes. They asked if we want fish maw, they can transport to China, provide supply and give a quotation.
EAL: How do they know this business (totoaba)?
P8: The foreigners (Mexican) just know. The fishermen also know, the mafia organizations also know as well.



Undercover footage filmed by EAL

A set of brothers based in Chula Vista, California, and Tijuana, persons of interest P9 – X1, X2, and X3, are also important totoaba traffickers according the contact P8. The eldest brother runs the fish maw business in Tijuana, supposedly making a significant amount of money. EAL investigators were introduced to the brothers by P8 at the brothers' warehouse in Chula Vista. The team observed a large amount of dried sea cucumber, abalone, and fish maws (all from Mexico and all wild) packed in plastic bags on the floor of the warehouse or in boxes ready to be shipped.

Discussion with P8 - Identifying the P9 brothers as totoaba traffickers

P8: Tell you something. The one who was weighing the goods (P9-X3), he did some business in Mexico.
EAL: You mean fish maw? (Totoaba)
P8: Yes. He is the head of the business and made some fortune.
EAL: Where is his business? In Tijuana?
P8: Yes.
EAL: Do you mean, the elder brother P9 is in the fish maw business?
P8: …They are doing this business.
EAL: Interesting. He mentioned it's illegal to do shark fin here. He seemed to do legal business then.
EAL: Only the elder brother does not.
P8: They do in fish maw business.
P8: They are actually all involved.
EAL: How do you know the elder P9 is the head of the business?

P8: Because I heard it from my friend (who is also in fish maw business).
…
EAL: Is the elder brother P9 a mafia member?
P8: No, but some of his business needs the support from mafia. For example, people who helped him with fish maw delivery, must be member from mafia. All the smugglers, must be mafia.

Discussion with P8 and P9 (various men) - Regarding transporting and shipping totoaba maw (from the US)

EAL: So, after we bought it (totoaba maw), is it okay to transport it back to Mexico?
P8: Yes, but it will be a trouble if you want to bring it back here (US).
(Chatting about if we buy it and drive the goods back to Mexico, that is fine.)
EAL: So could you bring it back and help us to ship it?
P8: If you want to ship it, you need to do it from here (US).
EAL: Really? It's so complicated...
P8: That is why the stock is here. It's okay to ship the goods from here. There will be an inspection in Tijuana.
EAL: Then how do you have all your goods here? Amazing.
P9: You pay and someone will do the job for you.
P9: All Mexican maw is wild, not farming.

Another conversation with P8 revealed another 'totoaba gang' out of Tijuana.

Discussion with P8 - A totoaba gang and farmed vs. wild totoaba

EAL: So who is doing totoaba here?
P8: Cantonese.
EAL: Where are they?
P8: In Tijuana, there is a group of people. There are 2 young people. They are a gang with size.
EAL: A gang for totoaba?
P8: Yes. You cannot do it alone. It's …. 300,000 USD.
EAL: I thought it will be legal in the future.
P8: Fish farming, not many people do it and it's hard to run the business.
EAL: Is there a way to distinguish the wild one and the one from a fish farm?
P8: It's hard.
P8: I will say that investing in totoaba farming is too risky. The gang will not buy if they know it's not a wild one.
EAL: How much is the price from the origins now?
P8: It's USD 7,000 per kg. In China the price is more than CNY 100,000 per catty.

MEXICO TO CHINA – TRAFFICKING ROUTES

After totoaba swim bladders (maws) are dried in Mexico, they are smuggled to China through a number of circuitous routes, in both small or large quantities. Varying routes and shipment sizes reduces the chance that the shipments are tracked and seized by Chinese authorities. The bladders are smuggled through transit countries such as Hong Kong, South Korea, Japan, Taiwan, and others, including the United States, to avoid China's border controls.

Totoaba maws have been smuggled to China via air routes, but as several sources confirmed, smugglers avoid flying directly to their final destination, instead making multiple stops along the way. One means of shipment is in checked luggage that travels those connected flights. This system seems to circumvent current airports controls. Sources indicate that Beijing, China, is one of the transfer stations where there is no inspection of checked luggage.

Discussion with P8 - Regarding shipping totoaba maw

EAL: How about the illegal fish maw business? Is it only HK (Hong Kong) people dealing?
P8: No. They take fish maw back to HK to sell. But now they do not come here anymore.
EAL: The suppliers ship goods to them directly.
P8: Yes.
EAL: How did they ship the fish maw from Mexico to HK? Via USA?
P8: They are smuggling to China by air, with a suitcase or hand carrying. They bribe customs at all levels.
EAL: Direct flights are a convenient tool for them, right?
P8: It is not like that. They do not fly from Tijuana to Shanghai. The inspector in Shanghai knows.
EAL: Do you mean that they will make multiple stops?
P8: Yes, Japan to Chengdu, Shanxi.
EAL: Interesting.
P8: For example, we tried a route via Beijing to Guangzhou. Since Beijing is the transfer station. There is no inspection there.

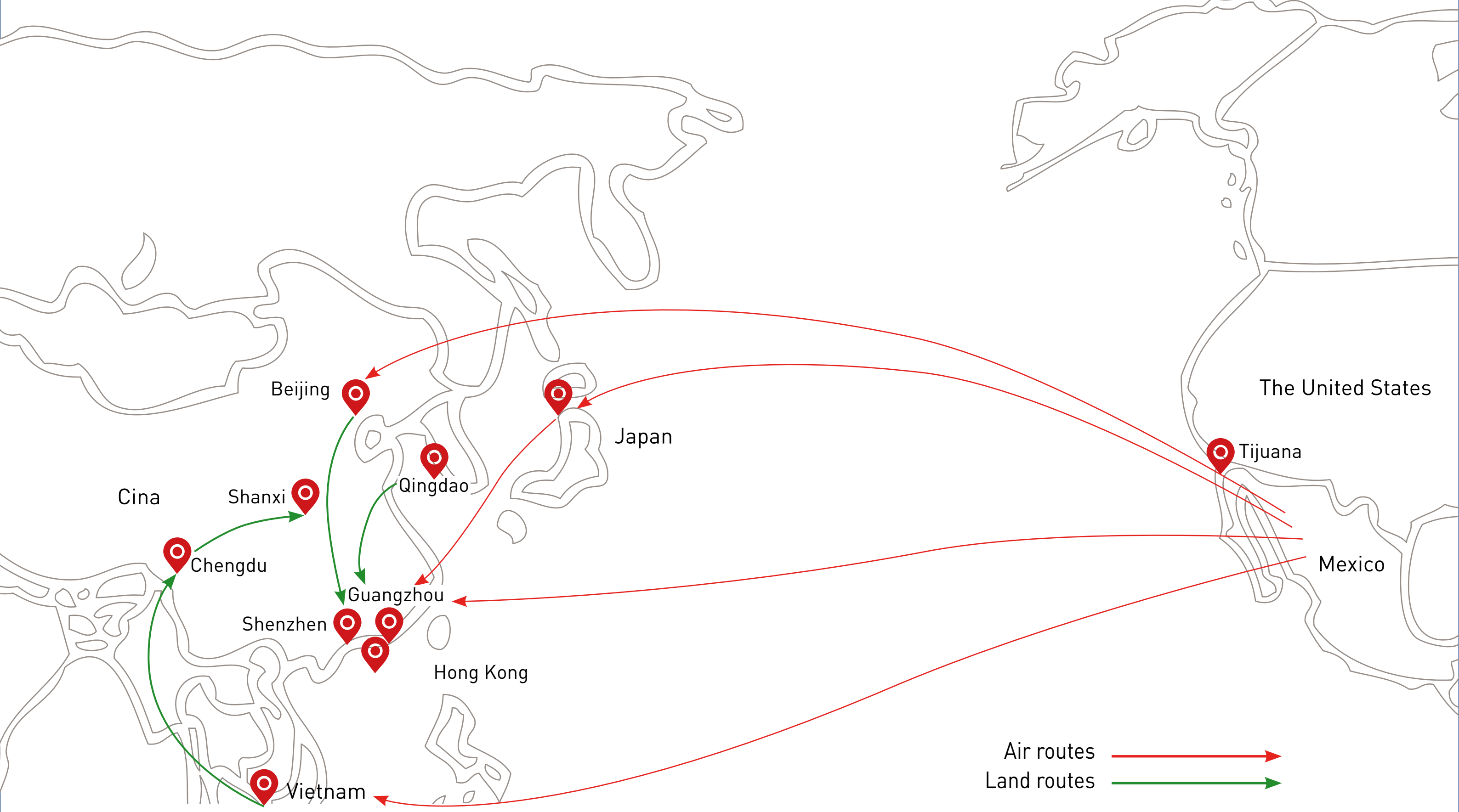
According to P9 - X3, in order to safely fly to Taiwan with totoaba maw, the maws can be split up and transported in a couple of small carry-on bags.

Discussion with P9 - X3

EAL: Can we take it to overseas? (P9: Where?) To Taiwan, but first we will fly to US.
P9: It's fine, you divide 3 kg into 2 small bags.
EAL: I am afraid the dog at TPE airport will find out.
P9: You do not need to worry about that, only if you bring seahorses or drugs.

P8 also revealed that goods can be shipped to Vietnam or Hong Kong and then smuggled into China via land routes. P1 confirmed that totoaba maws can be shipped to Hong Kong initially and then transported to Mainland China.

Totoaba smuggling routes from Mexico to China with intermediate destinations



> P8: Basically you need to export your goods first to Vietnam and then transport, smuggle into China via land route. Or via HK.

The routes used for drug trafficking could also be used to smuggle totoaba maws. According to Witness 3, M2 uses the same routes for transporting both totoaba and drugs.

> W3: And because they know the drug trafficking ways, they use the same routes for the buches.

Illegal seafood is also shipped in large shipping containers. P8 explained that all the containers without a sanitary certificate are also sent without an invoice to identify the contents. This is necessary to make the containers appear legal for transport and ensure that the containers are not searched.

Ultimately, with almost all methods of shipping and transport, traffickers use bribes to smooth the way for totoaba maws to get to Mainland China. This includes airline and border officials in addition to any bribes paid to Mexican drug cartels in order to be able to move the goods through Mexico.

The most prominent routes identified during EAL's investigation are as follows (see map page 67):

- Mexico (Tijuana) → Vietnam → land transport to China
- Mexico → Hong Kong → China
- Tijuana → Japan → Qingdao → land transport to Shenzhen or Guangzhou
- Tijuana → Japan → Chengdu → Shanxi.
- Mexico → Beijing → Guangzhou

On April 22, 2018, Mexican officials caught a Chinese man at the Mexico City International Airport with a total of 355 Totoaba maws stuffed into his suitcase. Three days later, on April 25th, authorities discovered 417 totoaba maws in two suitcases of another Chinese national who was on his way to Guangzhou, China, with a stop in Tokyo, Japan. The man was arrested but granted a conditional release after paying only a USD 600 fine.

Although these routes appear most used, other transit points also come into play. On April 22, 2018, a Chinese national holding a Mexican permanent resident card tried to smuggle 408 totoaba swim bladders to South Korea. The bladders were seized at the Mexico City International airport. This suggests that South Korea is another transit destination for totoaba traffickers. Another shipment of totoaba bladders was intercepted along a route that included Venezuela and Puerto Rico. The shipment was invoiced as organic plastic.



Totoaba on the beach in San Felipe

HONG KONG

Hong Kong is not a standard transit point where totoaba maw simply passes through. It is in Hong Kong where the large importers of totoaba maw reside. These importers then sell the maws, along with many other seafood products, to wholesalers in Mainland China, primarily in Guangdong Province.

On January 21, 2018, authorities seized 28 kilograms of totoaba swim bladders at Hong Kong International Airport. Two Chinese men were arrested, having traveled from Hermosillo, Mexico, via Monterrey (Mexico) and Seoul (South Korea), with Hong Kong being their final destination. A total of 95 swim bladders were found in their checked luggage. The Hong Kong authorities granted to EAL's director the permission to inspect and photograph those totoaba swim bladders in June 2018.



The port of Hong Kong

The two Chinese nationals had top lawyers to defend them and received a very lenient sentence: 14 weeks and 10 weeks of prison.

As described by P8 in the previous section, Hong Kong buyers used to go to Mexico to purchase totoaba maw, but they now just have their established suppliers ship the product directly to Hong Kong. They then sell the products to Mainland China. This is confirmed by person of interest C11, who revealed that almost all the goods available in Shantou, China, markets come from Hong Kong.



Seized totoaba maw in Hong Kong

Official annual imports statistics of selected Harmonized System (HKHS) code from top 10 countries of origin plus Mexico, to Hong Kong 2017



Seized totoaba maw in Hong Kong

COUNTRIES	Fish maws TOTAL in kg
Uganda	536,694
Brazil	508,328
Tanzania	342,603
Vietam	299,769
India	198,053
Indonesia	137,360
Guyana	128,907
The Mainland Of China	113,973
Suriname	90,716
Venezuela	82,756
Mexico	24,385
Other countries	801,510
Totale	**3,272,054**

COUNTRIES	Shark fins TOTAL in kg
Singapore	389,867
Indonesia	267,669
Peru	246,830
Taiwan	245,396
Senegal	213,228
Spain	199,532
Yemen	161,589
Mexico	145,037
United Arab Emirates	112,548
Argentina	66,714
Other countries	719,879
Totale	**2,768,289**

Discussion with C11

C11: As far as I know, they imported from HK (Hong Kong). The HK imported from USA or Canada. Most of the wholesalers here imported their goods from HK. They have connections there and smuggled from HK to China. Then there is room for profit. But it's risky.
...



Cargo ship approaching Hong Kong

EAL: So you are sure there is no suppliers [directly] from Mexico yet?
C11: Nope, at most from HK.
C11: The people go to HK and purchase the goods.

Person of interest C5 confirmed that totoaba maws are the favorite of buyers in Hong Kong.

C5: The most beloved one of HK is Totoaba.
EAL: But it's the most expensive one.
C5: Totoaba is the most expensive one.

CHINA: TOP OF THE CHAIN

Southern China, specifically Guangdong Province, is home to the majority of totoaba maw retailers and consumers. Early on in the Fake Gold operation EAL investigators evaluated the demand for totoaba swim bladders and collected leads on the means by which they are smuggled into China.
Initial findings are listed below:

- Demand for totoaba maws in China are relatively stable even though the product is illegal, with buyers primarily from Shantou and the greater Guangdong Province;
- Chinese demand for totoaba maws is driven by its use as an investment, as business gifts, as well as its traditional medicinal uses for personal health and wedding dowries;
- Totoaba maw pricing varies significantly based on weight, appearance, and whether it is male or female, as well as between shops;
- Due to its extremely high price, consumers of totoaba maws are relatively rich Chinese, primarily middle age or older, purchasing the maws for collection and investment purposes;
- Primary trafficking routes for totoaba swim bladders, reviewing movement from the Chinese end of the supply chain, starts in Mexico, moves through various transit countries that include the US, Hong Kong, and Thailand, ultimately ending up in Shantou and surrounding areas.

End-User Demand

The demand for totoaba fish maws appear to be stable, with buyers primarily from Shantou and the greater Guangdong Province. This kind of fish maw is not recognized as particularly valuable in other Chinese provinces. The main trading cities are Shantou, Nan'ao Island, Haimen, Guangzhou, Hong Kong, and a few other major cities in Guangdong Province.

Demand for totoaba maws is driven somewhat by its use as a business gift, but primarily by its traditional medicinal uses for personal health and, in some locations, its use for wedding dowries. Although demand is usually for medicinal purposes, most buyers do not immediately consume totoaba maws. Instead, this high-value maw is kept alone or as a part of a collection for use only under certain circumstances, such as when a woman in the family is giving birth. Additionally, totoaba maw has an investment value for its buyers as the price is expected to increase as the product ages. It is thought that the older the maw, the more the nutritional content develops.

In the recent past, totoaba maw became a luxury item that people used as gifts in business. This was especially true before China's anti-corruption campaign commenced in 2012. Individuals would send totoaba maws as gifts to government officials in exchange for beneficial business treatment. Since the anti-corruption campaign was implemented, this practice has diminished dramatically, thus reducing the demand for totoaba maws somewhat from a peak in 2010 to 2011. However, a number of vendors approached during the investigation indicated that the nature of totoaba fish maw as an investment vehicle would keep its value for many years.

Retail Availability

The availability of totoaba maw in Shantou is still significant. Among the shops visited by EAL's investigative teams in 2017 and 2018, over 60 percent of the shops admitted to carrying totoaba fish maw for sale. Several shops presented the actual merchandise to EAL investigators and 12% of shops openly displayed totoaba maws for sale. Some vendors indicated that all fish maw shops used to sell totoaba maw openly, but due to expanded law enforcement efforts most shops have taken to selling it behind closed doors and only to trusted customers.

Retail Pricing

High-end fish maw pricing varies significantly based on weight, appearance, and whether it is domestic (Chinese Bahaba) or foreign (Mexican Totoaba). Bahaba fish maws, which are very difficult to find, have been priced at over a million CNY per kilogram. The pricing for totoaba maws from Mexico were averaging about CNY 140,000 per kilogram (over USD 20,000) in 2017 and 2018, but the price reaches USD 80,000 for large maws from female totoaba.

Discussion with a Retail Seller of Totoaba Maw in Shantou (S = Shop Owner)

EAL: Do you still have [totoaba] fish maw? I heard your daughter said her father has just sold a [totoaba] fish maw at over CNY 100,000 (USD 14,500).
S: Just sold out.
EAL: Domestic or foreign?
S: From the US. About CNY 70,000 per half kilo (USD 10,000).
S: Last year it was 60,000 per half kilo. This year is 70,000 per half kilo. This year the price is raised a little.
The price will be raised continually later. Two or three years ago, it costs hundreds of thousands.
EAL: Where do big pipe ones come from?
S: Mexico.
S: And they are usually hidden in other fish maws, such as codfish fish maw. Codfish fish maw is very cheap, such as CNY 300 per half kilo. We don't sell it.

The price of totoaba maw was as high as a few hundred thousand CNY per half kg back in 2010 when totoaba started replacing bahaba as what the Chinese called "gold coin" fish maw. It then declined to a range of CNY 100,000 to 120,000 per kilogram in 2015 due to oversupply.

Discussion with a Retail Seller of Totoaba Maw in Shantou (S = Shop Owner)

EAl: Another boss told me that [totoaba] fish maw is best one.
S: Yes, we also have [totoaba] fish maws, do you want to buy some?
EAL: How much?
S: It's depends on their size, in general is CNY 140,000 per kilogram.



Fish maw and shark fins on sale in Hong Kong

By December of 2017, the retail price of totoaba maw was up to CNY 300 per gram – CNY 300,000 per kilogram. This price was most likely for a very large female totoaba maw, the most valued type, but this puts the value of totoaba maw on par with gold. As indicated by one source: **"The reason why the price of fish maw is rising is because the one with quality is getting rare. The fish in the sea is decreasing."**



EAL undercover footage

Consumers & Investors

Due to its extremely high price, current consumers of what is totoaba maws are relatively rich Chinese, primarily middle age or older. Vendors confirmed that only well-off individuals are able to buy this type of fish maw. In fact, when asked about which maws to send as gifts to business associates or other officials, most shop owners did not initially recommend totoaba maw. A few even indicated that there would be no need to spend so much for a gift, especially since totoaba maws are an inferior product in their opinion.

Once the team was able to build enough trust, a few vendors said frankly that it really depends on what you need from the business associate or official as to how much money should be spent on a gift. They have observed customers buying totoaba maw in

the past to use as gifts when the matter at hand was extremely important and valuable, such as winning a contract bid. **They imagine that many government officials have more totoaba maws stored in their homes than even the traders do at any given time.**

More commonly than business gift givers, though, are rich consumers buying totoaba maws for collection and investment purposes and self-use. Collection and investment values have created a few organized consumer groups as well. Several fish maw traders indicated that they themselves invest in buying and collecting valuable fish maws, knowing the price will hold or rise over time.

Law Enforcement

In Shantou, law enforcement of illicit trafficking and sales of wildlife products, including totoaba maws, has heightened in recent years. As a result, vendors have moved to selling totoaba maws behind closed doors, being vigilant about selling only to known and trusted consumers. As far as the vendors know, there have been no seizures of totoaba maws in Shantou, but they were informed by the Chinese government about the complete ban on totoaba fishing in Mexico and they understand that sale of the product is in fact illegal.



Fish maw and shark fins

A law enforcement campaign to educate fish maw vendors was completed from October 2016 through the Chinese New Year. During the investigation, 22.3% of vendors did mention that it is illegal to sell the team totoaba maw.

Discussion with a Retail Seller of Totoaba Maw on Nan'ao Island (S = Shop Owner)

S: Because of the anti corruption campaign, government officials don't send or get them [totoaba maws] a lot, but the businessmen are okay.
EAL: If it's illegal why do you put them on display?
S: Because [when] the government comes to check, they call and inform us earlier and we will hide them when they come.

On Nan'ao Island, law enforcement efforts to prohibit the sale of totoaba maws is much more lax. Only 14.3% of shop owners indicated that the sale of totoaba maw is illegal. In fact, none of the shops visited showed any caution in their response when asked about this product. One large fish maw shop openly displayed totoaba maws together with many other illegal products such as tiger bone wine, red coral, and precious shells, claiming "the government would call to inform us before they come to check."

China's Totoaba Maw Wholesalers

EAL's investigators were able to identify three entities as significant wholesalers of totoaba maw in China. One of the team's sources, an owner of a large dried goods company, identified what he considers to be the two largest wholesalers in the Shantou area – one by name and the other by reference only as the source refused to name the company outright.

The first, identified in this report as person of interest C10, was introduced to the team by person of interest C11 (the source).

Discussion with C11 - Describing a large fish maw dealer in Shantou

> C11: The guy is the head of the fish maw business here.
> C11: C10 has quite a business. He has the products that no one else has. His business is big. He is famous in this area.

Discussion with C11 - Taking the investigators to meet C10

> C11: With our accompaniment, you can get better price, we know fish maw and you will not buy the fake one.
> C11: I know a shop in the back. You check the goods and take some photo for your boss. I just bring you there, the business is between you and the shop.

Upon meeting C10 and asking about the availability of totoaba maw, C10 indicated that he did not have any available at the moment. He did, however, talk about just finishing a totoaba deal with a buyer who bought two maws for CNY 170,000. C10 did show the team pictures of available Chinese Bahaba maw, explaining that he has both aged and new maws, depending on the need.

Discussion with C11 - Discussing the investigative teams interaction with C10 and the market

> C11: His product is at a reasonable price.
> EAL: Last time I was asked to visit [company name removed]. But they said they do not have [Totoaba] anymore. I was lucky that you introduce C10, I thought [company] was the largest.
> C11: No.
> EAL: The contact man from [company] told my boss they are the largest.
> C11: [Company] is not large enough. They are small. They do retail business. The son and daughter have two shops in Shenzhen. They import from HK. Their retail business in Shenzhen is good. But the wholesale business in Shantou is ... not particularly good.
> EAL: I think the fish maw business is a good business.
> C11: (laugh) Yes, the price is always rising for years.

The investigative team had ongoing communication with C11 as they worked to understand and establish a (fake) relationship with the few large wholesalers of totoaba maw. The team indicated that they had dried seafood connections in Mexico and were inter-

ested in becoming a supplier for the wholesalers. C11 told the team that if they do in fact have these connections, then he could introduce them to the biggest importer – the one that imports a huge amount of goods, not just totoaba, in containers.

Discussion with C11 – Regarding becoming a supplier of totoaba maw

C11: Is your supplier the first wholesaler (the first buyer in Mexico)?
EAL: I think he is, he purchases from the fishermen directly.
C11: You need to check his warehouse, whether he has a decent amount of products. Sometimes they cheat you.
EAL: Why don't people from here go to Mexico to import?
C11: It's too far away and the language is different. The public security is worrying.
...
C11: If you have ways to import the goods here (fish maw or sea cucumber), I have connections to sell it.
...
EAL: By the way, my boss wants to know whether there is the possibility for us to meet or to collaborate with the largest wholesaler that you mentioned.
C11: You need to provide a sample first. 2 to 3 different samples. The original price and the price after you ship it here. He will evaluate whether there is profit. That's it.
EAL: Do we need to be careful that we do not have conflict with the current suppliers of him in HK?
C11: I do not think so. Not all the goods are via HK.
C11: It's business, it does not matter who the supplier is, the important thing is whether there is enough room for profit.
EAL: My supplier has high interest.
C11: It's important to have samples. We need to evaluate whether there is market here.

Unfortunately, C11 never revealed the name of the owner or the company that he considers to be the largest wholesaler, the second wholesaler identified. He intentionally avoided mentioning the name even though the team asked several times. In fact, the investigative team found no contacts that would reveal the Hong Kong supplier or suppliers, even though most identified Hong Kong as the source location for their inventories.

EAL investigators did identify a family in the wholesale and retail businesses in Shantou and Guangzhou, China. The individuals met by the investigators are identified in this report as persons of interest C6, C7, and C8, but there are more family members involved in the totoaba trade. One of EAL's investigators communicated with C6 via WeChat prior to meeting in Shantou. C6 actively advertises totoaba maw on WeChat. When the team met C7 and C8 while trying to contact C6 again, C8 provided further contact information for C6 and C6's spouse, who have a shop in Guangzhou, indicating that they had totoaba maw available.

Considering the number of totoaba maws available on C6's WeChat site, along with the amount of information C6, the spouse, and the family were able to provide on the availability and pricing of maws, it is apparent that they function as wholesalers of the product.



EAL undercover footage

Discussion with C7 & C8 - Referring the investigators to a family member for totoaba

C7: But we do not have what you want. You can contact the person on the card.
C8: Ask your boss to call my kids directly. I do not have (totoaba), but my kids can help you. We also have a shop in Shenzhen.
...
C7: The small one is from local. The big one is from Mexico.
EAL: My boss said we can buy in Mexico. Is it possible that you can introduce us some connections?
C7: I'll give you the phone number of my husband.
C7: If you have need for [totoaba], you can contact him.

Discussion with C6 - Regarding the price of a totoaba maw

C6: It's precious and we only sell to people we know well.
EAL: 160,000 for this one? 540 grams?
C6: 540 g, 1.08 jin (catty)
EAL: How much is 1 gram. Do I have a better price if I buy more than one? I know it is difficult to get this.
C6: 1 gram about 300 Yuan (CNY).

Confidential Intel Brief

In addition to this public report on Operation Fake Gold, Elephant Action League (EAL) has prepared a comprehensive Confidential Intelligence Brief (CIB) to share with law enforcement authorities, and possibly other international authorities and partner NGOs. EAL is submitting the CIB only to trusted officials at agencies best positioned to take effective action.

The CIB contains information that is not included in this public report. **This includes full names, addresses, and contact information (as available) for 40 persons of interest, as well as in-depth descriptions of their businesses, illegal activity, and trade network connections.** EAL's investigators prepared the CIB from the many hours of undercover recordings, interviews, and daily activity logs. The team translated all video and audio recordings from Spanish to English and Chinese to English and prepared case files on every individual with whom the team interacted during Operation Fake Gold.

The CIB is arguably the most important piece of output from this investigative operation. It is the CIB that provides law enforcement authorities the means by which to take immediate action. That action may include additional investigations, arrests and prosecution of traffickers and traders, and even improvement of policy and enforcement activities in the regions involved in the illicit wildlife trade. For Operation Fake Gold, the CIB has been shared with applicable and trusted Mexican, Chinese, and US authorities in a position to facilitate this further action.

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Confidential Intel Brief (CIB)

OPERATION *FAKE GOLD*

Totoaba poaching and trafficking from Mexico to Mainland China

CAVEAT

This Confidential Intel Brief (CIB) is provided for intelligence and law enforcement purposes only.

The information contained in this document has not been classified using the Admiralty Code as the Elephant Action League (EAL) is not a law enforcement agency.
However, if it was to be internally graded using this system it would have been graded as B2.
The information has been collected directly by, and where possible corroborated by EAL investigators.
As EAL does not engage in purchasing wildlife products it is difficult to gauge the ability of traders to back up their claims of supply capabilities.
The subject personal information contained within this document was accurate as of 4 June 2018.

This CIB contains information on 40 Persons of Interest (POIs) involved in the illegal smuggling of totoaba. The investigation conducted in both Mexico and China revealed smuggling *modus operandi*, routes and led to identify the central selling and purchasing hotspots.

The Public Report of Operation Fake Gold, with more background information and images, will be released by EAL in the Summer of 2018.

HIGHLY CONFIDENTIAL – NOT FOR DISTRIBUTION

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CONFIDENTIAL INTEL BRIEF (CIB)

Prepared By: Andrea Crosta, Executive Director, Elephant Action League (EAL)

Release Date: 05/06/2018

Last Update: 04/06/2018

Shared with: Mexican Authorities. Mexico City, 6 June 2018

Regarding: **Observed illegal totoaba swim bladders trade in Mexico and Mainland China.**

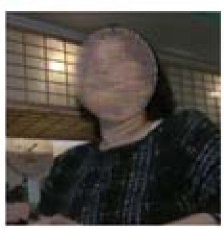
Index:

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List of Persons of Interest

The following are Chinese people known or suspected to be involved in trafficking bladders from San Felipe, Mexicali or Tijuana.

1.

Name / Code	**P1 (name redacted for public report)**  **Wife** 
Location	Tijuana and Ensenada
Address **Phone n.** **Other info**	Redacted Redacted Redacted
Summary	He is a well-known Chinese businessman and an illegal marine wildlife trafficker. He allegedly deals with wildlife, totoaba, sea urchins, and human smuggling. P1 is very impertinent and brash in his personality. (redacted). He is from (redacted). Pol 8 says he is among the "elder Chinese". Owns the Restaurant (redacted) in Ensenada. They obtain much of the supplies from suppliers in the US. P1 frequently crosses back and forth between Mexico and the United States.

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	Presumably linked to the seizure of totoaba fillets happened in Tijuana just before Christmas 2017: (http://pressaspect.com/mexican-traffickers-now-shipping-endangered-fish-meat-2/amp/) They can provide seahorse, fish maw of Totoaba with reservation. They buy the fish from fishermen. The price of fish maw is 4000 – 5000 USD (N1). (omitted) She mentions a Japanese who is specialized in shipping to Japan (N4).
Links **Video and Audio References**	**(redacted)** N1: File: IMG_0089, Time 01.36 - 03.ca EAL: How much is the fish maw? Person of Interest: It costs around $4000 – 5000 USD. EAL: 1 kg or 1 piece? POI: 1 piece. But a large one. (Use hand gesture to describe, about 50 cm meter.) You cannot take it away, you can only try it here. The price of Totoaba which is beloved by Chinese and Taiwanese is expensive, even if I introduce you to the supplier, it's ca. $10,000 USD. EAL: It is so expensive. POI: It's the specialty in this area. He resales at $20,000 USD. The fish is big. N2: File: IMG_0089, Time 0505 - 08.30 EAL: So, if we need it, we call this number. POI: Yes, it's the mobile phone of my husband. He is from (redacted) (Chatting) EAL: What is this for? POI: He is a (redacted). POI: He is the only Chinese who is doing politics. That old man in the picture is (redacted). N3: File: IMG_0089,03.00 ca- 04.30 EAL: She mentioned about seahorse soup, it's delicious. POI: Yes. Seahorse soup need 1 day for preparation. It's full of collagen. The collagen of sea horse is good and expensive, even you have money, you cannot buy it even you have money. The soup is made with one female and one male seahorse.

Conclusions

The fate of the world's smallest porpoise, the vaquita, is disastrously entwined with the continued poaching of Mexico's totoaba fish. Elephant Action League (EAL), in response to this tragedy, completed a 14-month operation designed to completely map the totoaba trafficking supply chain – Operation Fake Gold. **EAL has gathered actionable intelligence from the bottom of the supply chain, in Baja California, to the top of the supply chain, consumers in Southern China – ultimately meeting in the middle to identify those key middlemen that fuel the totoaba trade**.

Operation Fake Gold has identified the following key findings:

- Large totoaba female maw, at USD 46/gram or more, **has more value than gold**.
- San Felipe, Mexicali, and Tijuana, Mexico, are the primary hotspots of the bottom half of the illicit totoaba maw supply chain.
- Totoaba trafficking is facilitated by both Mexican and Chinese networks based in Baja California – what EAL has coined **'Totoaba Cartels.'**
- **The totoaba cartels are led primarily by three Mexican criminals and their crews**; funding the Mexican poachers, and then selling the product to a group of well-connected Chinese traders and businessmen residing in Mexicali and Tijuana.
- Totoaba trafficking has become as lucrative, easier, and less risky than drug trafficking – this is why the totoaba cartels formed.
- **A so-called Elder Chinese "gang" out of Tijuana developed and ran the totoaba maw trade for a number of years**, along with other legal and illegal seafood businesses. Although they now appear to be slowly falling out of the business, they maintain strong connections to the totoaba trade.
- Totoaba swim bladders are moved quickly to the smuggling centers of Mexicali and Tijuana and then dried and prepared for transport by the Chinese traders.
- Smugglers transport totoaba maws to China primarily via air routes, always avoiding direct flights, and generally in checked luggage.
- **The maws are smuggled through transit countries such as Hong Kong**, **South Korea, Japan, and Taiwan**, many times along routes used for drug trafficking according to EAL sources.
- **Demand for totoaba maws in China is relatively stable** even though the product is illegal, with buyers primarily from Shantou and the greater Guangdong Province. The demand for totoaba maws is driven by its use as an investment, as business gifts, as well as its traditional medicinal uses for personal health and wedding dowries;
- Totoaba maw pricing varies significantly based on weight, appearance, and whether it is domestic or foreign (from Mexico), whether it is male or female, as well as between retail shops.

- **Due to its extremely high price, consumers of totoaba maws are relatively rich Chinese**, primarily middle age or older, purchasing the maws for collection and investment purposes.

- **Three significant totoaba maw wholesalers were identified in China**. Each supplies a significant quantity of maws to the retail market in Southern China.

- **The real 'fake gold' is the totoaba female maw only**. Raw female swim bladder, from 500 grams to 2 kilograms, is larger and thicker than the male's and is valued at each level of the supply chain as follows:

  - From fisherman to first buyer: USD 3,500 to 5,000/kg
  - From San Felipe buyer/transporter to Mexicali buyer: USD 5,000 to 8,000/kg
  - From Mexicali buyer to China buyer: unknown
  - Retail price in China: USD 20,000 to 80,000/kg

Significant observations have also resulted from Operation Fake Gold.

- **In order to have a true economic impact on totoaba poachers, the efforts to remove gillnets from the Gulf of California would have to be ceaseless and expanded to much more of the Gulf**. A totoaba net is worth USD 3,000 to 4,000. The poachers must be stopped from catching even one totoaba. The USD 5,000 they receive from that one totoaba swim bladder could fund an additional one to two gillnets.

- **The government compensation program for the fishermen has been ineffective**. The compensation primarily went to illegal fisherman/permit holders, giving them even more power over poor fisherman who did not own the fishing permits. As a result, illegal fishing activity increased. A significant amount of money that was introduced to vaquita conservation has also been lost to corruption and ultimately fueled the illegal totoaba trade.

- **The Mexican government alone, from 1993 to 2018, has invested at least USD 113 million into vaquita conservation efforts**. This does not even take in account the millions of dollars invested by a multitude of NGOs and the funds invested the US government.

- **Current laws addressing poaching and trafficking in Mexico are too weak**. This makes the work of law enforcement officials and prosecutors very difficult, if not useless. According to government sources, regulators need to begin with a change to the Mexican penal code, Article 420, to increase the possible sentence for convictions. A change to Article 167 of Chapter XII of the criminal procedures code is also needed to allow Judges to impose preventive detention of individuals being prosecuted prior to trial. This would keep poachers and traffickers in jail while waiting for trial.

- **Illegal gillnets are also killing many more protected marine wildlife, including white sharks, hammerhead sharks, seals, turtles, whales, and others**. Efforts to stop totoaba trade must continue until the black market for maws is completely shut down. Governments must take drastic action, including expanding and enforcing the laws around poaching, trafficking, and selling totoaba, and significantly increasing financial penalties to a level that matches the lucrative nature of the black market for totoaba swim bladders.

Mexican Presidential Election May Affect Vaquita Conservation



Now that Andrés Manuel López Obrador has been elected President in Mexico, there is a good chance that much will change for the vaquita, and possibly not for the better. The current administration has tried, rather significantly, to address the vaquita crisis, even though their efforts have not been successful. López Obrador won the presidency with the liberal messaging of a stronger domestic economy and an end to corruption, as well as a widespread anti-establishment sentiment in Mexico.

When he enters office in December of this year, he will be appointing new ministers to run the various government agencies currently addressing the vaquita crisis. Unfortunately, there is no telling whether the vaquita crisis will continue to be a priority for this new administration. Based on López Obrador's platform during the election, this could go either way for the vaquita conservation effort. It is EAL's hope that the new administration will continue fighting for the vaquita, as well as the Gulf of California and all of its species.

- **EAL believes that dismantling all the various networks associated with the totoaba black market is the best chance to end totoaba trafficking**. **This effort should begin with the middlemen – those Chinese nationals in Mexico who supply the market in China**. Ultimately, though, the root of the problem, the demand, must also be destroyed.

This report presented only a portion of the intelligence, albeit sanitized, collected throughout Operation Fake Gold. Additional, and much more specific, intelligence and data has been gathered into a Confidential Intelligence Brief (CIB). EAL is sharing the CIB, along with applicable information on person of interest, to varying and trusted authorities in Mexico, the United States, Hong Kong, and China. It is the CIB and persons of interest reports that are the true output of EAL's efforts.

Unfortunately, until just a few years ago, the international community and governmental entities focused on the vaquita issue through the lens of conservation and science only. The world thought the vaquita would be saved by science and conservation organizations. If the extensive efforts put forth to date to save the vaquita had gone toward destroying the totoaba trafficking networks, the vaquita would not be on the verge of extinction. **If the Mexican government, and those that could have helped, had focused on the Chinese totoaba traders living in Mexico much sooner, the vaquita would not be on the verge of extinction**.

> The war now has to shift toward the protection of the Gulf of California in general. The gulf contains incredible marine life that will also be destroyed by the continued use of gillnets and the continued exploitation of the Gulf.



Sea turtle, fishes and birds killed by illegal gillnets, San Felipe. Shot on board a Sea Shepherd's vessel

FURTHER ACTION ALREADY IN PLAY



Andrea Crosta, EAL's Executive Director, has already made an important appearance on Mexican TV speaking about the totoaba trade and its effect on the vaquita.

On May 4, 2018, on the TV show '**Despierta con Loret**', on Televisa, one of the most popular TV shows in Mexico, Mr. Crosta joined forces with the famous journalist Carlos Loret and publicly denounced the key role



EAL's director Andrea Crosta and filmmaker Richard Ladkani meeting with the Head of the Mexican Navy, Admiral Vidal Francisco Soberon

of the Chinese totoaba traffickers working in Mexico.

Mr. Crosta was also invited and attended an official meeting with the Head of the Navy. He was able to review findings from Operation Fake Gold with these officials, the content of which should help guide future action on the part of these agencies. He shared the Confidential Intelligence Brief with the Head of the Navy and other Mexican authorities.

Operation Fake Gold Documented on Film

"Vaquita - Sea of Ghosts"

Following the international success of "The Ivory Game," Terra Mater Factual Studios and Leonardo DiCaprio's Appian Way, renewed their alliance, in collaboration with Wild Lens. This time their goal is to tackle another volatile environmental topic cinematically: the current and ongoing destruction of a marine ecosystem in the Gulf of California.

It was through the initiative of Leonardo DiCaprio in August 2017 that this new collaboration began. Shortly afterward Mexican President Enrique Pena Nieto decided for a large-scale rescue operation of the vaquita, which was to be documented through filming.





A defensive alliance was formed to save the last remaining vaquitas, now numbering less than 30. The Mexican Navy was employed as a deterrent; a role which it fulfilled by summoning entire troop formations to the region, reinforced by drones, helicopters, and stealth ships.

Together with the activist NGO "Sea Shepherd," its task was to protect the seas from illegal fishermen. Simultaneously, an undercover investigation was initiated by Elephant Action League into the illegal machinations of the Chinese mafia in Tijuana, the organization which funds the lucrative totoaba swim bladder business with millions of dollars. A team of undercover Asian investigators, a former FBI Special Agent, and wildlife crime specialists, led by EAL's director Andrea Crosta, began to infiltrate their networks to reveal the shadowy characters hiding behind the scenes.

"It was an incredibly important opportunity for us to partner with Terra Mater, particularly since it allows us to show the public our unique intelligence-led approach to conservation and how we work undercover around the world. It was not always easy running an undercover intelligence operation while also being cognizant of the needs of the filmmaker and the production, but we found Richard Ladkani and his crew to be the perfect partners. They were very respectful of our operational needs and it ended up working out extremely well" according to Andrea Crosta.



The peak season of this illegal fishing takes place between February and May, during which time the film-crew was on-site. At the end of March it became embroiled in violent riots and had to flee to a military base with Mexican marines.

Now there is open and direct hostility between the two sides, both of which are heavily armed, and no willingness to compromise. There is open talk of war – a war in which the continued existence of an entire maritime region would be at stake.

The outcome of this conflict is uncertain, to put it mildly. Mr Crosta also said, "The director, Richard Ladkani, his crew, and the EAL team shared a few somewhat dangerous and unforgettable moments while filming in the field. We had some big stones thrown at our heads during an uprising at the port of San Felipe, we were along for the ride on Mexican Navy ships during a few heart-pounding pursuits of armed illegal fishermen, and we met a number of shady characters while interacting not only with the Totoaba Cartels but also a few narcotraffickers."

The film with the working title "Vaquita – Sea of Ghosts" will be completed this year, and will celebrate its international premiere at the beginning of 2019.

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ABOUT EAL

Founded in 2013, Elephant Action League (EAL) is a hybrid non-profit organization that merges the worlds of intelligence, security and conservation in service of wildlife and the people who protect it.

EAL's Mission is to protect wildlife, forests and oceans through effective intelligence collection and investigative actions.

EAL is a registered nonprofit, tax-exempt charity under section 501(c)(3) of the U.S. Internal Revenue Code.

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